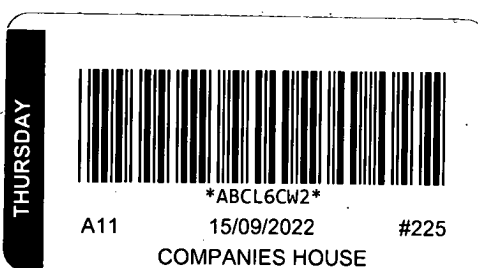


Welcome Break Limited

(Registered number: 1735476)

Annual report and financial statements For the year ended 31 December 2021



Welcome Break Limited

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Welcome Break Limited

Strategic report

The directors present their Strategic report on the Company for the year ended 31 December 2021.

Business review

The business has had an improved year of trading as the UK exited the most severe lockdown restrictions of the COVID pandemic, with turnover of £397.4m being 50.0% up year on year (year ended 31 December 2020: £264.9m). Operating profit before one-off items, depreciation amortisation and rents (EBITDAR) was £71.4m (year ended 31 December 2020: £39.9m), with operating profit before one-offs for the year ended 31 December 2021 £38.1m (year ended 31 December 2020: £7.6m).

The net asset position of the Company at 31 December 2021 is £188.0m (31 December 2020: £224.7m).

Capital expenditure in the year was £7.9m which was an increase on previous years as projects that were put on hold and deferred whilst the business navigated the pandemic began to be completed. Key items of capital expenditure were the refurbishments of forecourt units and the purchase of vended coffee machines to complement the existing coffee offer. Furthermore, an element of expenditure was related to maintaining the existing assets of the business, the normal programme of which had been slowed during 2021.

The business's principal activity is the operation of Motorway Service Areas ("MSAs"). The impact of COVID had been significant on the business during 2020 however, the effect was much less severe during 2021.

At the start of the year a national lockdown was in place which reduced motorway traffic and turn-ins to sites to around 55% of normal levels. The impact on full year results was minor due to this lockdown being in the relatively quieter winter period. The lessons learned from previous lockdowns in managing costs further mitigated the impact in the year. Easter performance was down on normal years although by this time, traffic and transactions returned with restrictions being released and vaccines being rolled out.

The business benefitted from the return to more normal trading over the summer period following the release of restrictions, with exceptional results and record weekly sales at many MSA sites. There was significant pent-up demand from the travelling public who were keen to visit family and friends and attend events which had not been possible for much of the previous 16 months. With foreign travel proving difficult and expensive, the "UK Staycation" was prevalent during this period of 2021 which benefitted the sector.

Trade for the remainder of the year remained strong. Traffic was below usual levels due to homeworking and reduced coach traffic but spend per transaction remained strong. This reflects a changing trend in transactions with marginally lower commuter trade during weekdays and higher leisure trade at weekends. The continuation of the strong trading performance, particularly the ongoing spend benefit is also noticeable during the start of 2022. The expectation for 2022 is that the UK will experience another "Staycation" effect during the summer, again leading to a very robust peak trading performance during the key months of June to September.

Welcome Break Limited

Strategic report (continued)

Business review

In June 2020, a successful re-negotiation of terms with the Group's lenders was completed which enabled financial covenants to be either waived or reset until end June 2021. The remaining balance of the available capital facility was temporarily repurposed to become an additional working capital facility and was fully drawn down (£25.4m). The 2021 performance was such that the business was able to return to meeting its original covenants a quarter earlier than the required September 2021 date, delivering a compliant covenant certificate to lenders for the quarter ending June 2021. The temporary working capital facility of £25.4m was fully repaid in September 2021.

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

The Board of directors of Welcome Break Limited consider, both individually and collectively, that they have acted in ways that they believe in good faith to be most likely to promote the success of the business for the benefit of its members as a whole (having regard to the stakeholders and other matters set out in s172(1) of the Act in the decisions they made during the year ended 31 December 2021.

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

We strive to operate in a manner which is considerate of our environmental responsibilities and continuously review our operations and utilities use to help build a more sustainable future. Some of the sustainable activities that we have introduced include:

- replacing lighting with energy efficient LEDs
- introducing Smart Meters to monitor and reduce energy usage
- growing the EV charging network
- replacing washroom hand dryers which only use a fraction of the energy of conventional dryers
- installation of efficient recycling systems to make sure that we were able to recycle responsibly and encourage our customers to do so
- food waste is removed from sites and disposed of anaerobically, not to landfill
- strong partnership with "Too Good To Go" across a number of brands and locations, to further reduce food waste

The brands we operate also have their own sustainability policies and we execute these according to their standards.

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

Welcome Break Limited

Strategic report (continued)

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

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

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

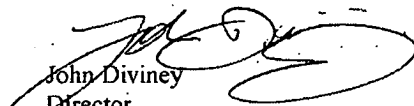
Principal risks and uncertainties

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

Key performance indicators

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

This report was approved by the board on 26 April 2022 and signed on its behalf by:


John Diviney
Director

Welcome Break Limited

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Future developments

Despite the lockdown at the beginning of 2021 somewhat impacting trade, although not materially, current trading is healthy and has been approaching near normal levels. Management will continue to monitor the risk of further COVID related restrictions and is reassured that the business has been able to manage and mitigate the impact through unit closures and amended trading hours.

The business is continuing to invest with the long term in mind including active plans to expand EV charging.

Going Concern

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

The business's principal activity is the operation of Motorway Service Areas ("MSAs"). The impact of COVID had been significant on the business during 2020 however, the effect was much less severe during 2021.

At the start of the year a national lockdown was in place which reduced motorway traffic and turn-ins to sites to around 55% of normal levels. The impact on full year results was minor due to this lockdown being in relatively quieter winter period. Easter performance was down on normal years although by this time, traffic and transactions returned with restrictions being released and vaccines being rolled out. The business benefitted from the return to more normal trading over the summer period following the release of restrictions, with exceptional results and record weekly sales at many MSA sites. There was significant pent-up demand from the travelling public who were keen to visit family and friends and attend events which had not been possible for much of the previous 16 months. With foreign travel proving difficult and expensive, the "UK Staycation" was prevalent during this period of 2021 which benefitted the sector.

Trade for the remainder of the year remained strong. Traffic was below usual levels due to homeworking and reduced coach traffic but spend per transaction remained strong. This reflects a changing trend in transactions with marginally lower commuter trade during weekdays and higher leisure trade at weekends. The continuation of the strong trading performance, particularly the ongoing spend benefit is also noticeable during the start of 2022. The expectation for 2022 is that the UK will experience another "Staycation" effect during the summer, again leading to a very robust peak trading performance during the key months of June to September.

Welcome Break Limited

Directors' report (continued)

Going Concern (continued)

The business returned to an "on budget" performance in May 2021 and results have continued to be strong since. Even with early 2021 lockdown in place, the company is trading ahead of both budget and 2019.

The revised (waiver) covenants were comfortably met during 2020 and 2021, and with trading in the second half of 2021 stronger than anticipated as restrictions were eased, the return to the original covenants was achieved in June 2021.

Management have prepared forecast scenarios covering the next 12-18 months. Having reviewed detailed cashflow forecasts, the directors are comfortable that the business, and each company, will have sufficient liquidity to operate for at least the next 12 months, and have significant headroom in both. This position is continually monitored by the directors.

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

Dividends

The Company paid a dividend of £75.0m during the year (year ended 31 December 2020: £nil). The directors do not propose the payment of a final dividend for the year ended 31 December 2021 (year ended 31 December 2020: £nil).

Financial risk management

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

Credit risk

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

Liquidity risk

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

Interest rate cash flow risk

Interest rate swaps are used to manage interest rate risk.

Foreign exchange risk

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

Welcome Break Limited

Directors' report (continued)

Directors

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

Charles Hazelwood
Surinder Toor
Niall Dolan
Joseph Barrett
John Diviney

Qualifying third party indemnity provision

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

Property values

In the opinion of the directors there were no significant differences in aggregate between the market value and book value of the Company's freehold and leasehold interests at 31 December 2021.

Employment policies

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

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

Environment

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

Welcome Break Limited

Directors' report (continued)

Streamlined energy and carbon reporting

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

Statement of corporate governance arrangements

The Company strives to practise good corporate governance in terms of accountability, transparency, fairness and responsibility. For the year ended 31 December 2021 under The Companies (Miscellaneous Reporting) Regulations 2019 the Company has adopted the Wates Corporate Governance Principles for large companies which provides a high-level approach to good corporate governance.

The principles the Company follows are:

Purpose and leadership

Directors of the Company are also Directors of the Board/Office holder of the intermediate parent Company which is responsible for ensuring good, consistent corporate governance is maintained throughout the Group.

The Group's vision is to be the No. 1 service area operator in the UK.

Directors provide the Group and Company with strategic direction to fulfil this purpose aligning the interests of the Board, management, employees, shareholders, community and other stakeholders.

Board composition

The Company has a two-tiered management structure with the Board providing strategic direction and purpose and delegation of responsibility to an Executive Leadership Team for day to day management of the Group and Company.

Shareholder engagement is maintained through a formal Shareholder Agreement and by shareholder representation on the Board. The Chief Executive Officer is also a Director of the Board. Board members have extensive experience across forecourt trading and hospitality and infrastructure investment. The size and composition of the Board with the breadth of experience is considered appropriate for the nature and scale of the business.

In matters where further expertise is required the Board appoint external advisers.

Director responsibilities

The Board and individual directors have a clear understanding of their accountability and responsibilities. These are underpinned by policies and procedures.

Welcome Break Limited

Directors' report (continued)

Statement of corporate governance arrangements (continued)

Group Board meetings are held bi-monthly and these are diarised at the start of each year. Executive Leadership Team meetings, led by the Chief Operating Officer, are held weekly. The Board and Executive Leadership Teams receive monthly data on the main business activities which includes financial performances, commercial and market analysis, people and culture and health and safety to assist in fulfilling their responsibilities. The Shareholder Agreement specifies Board Reserved Matters (including acquisitions, restructuring, commercial contracts over a certain size or duration) that require consideration by and approval of the Board at these meetings.

In addition, the Executive Leadership Team holds corporate governance meetings quarterly to ensure the Group is continually reviewing its policies and procedures and in particular to identify and mitigate potential risks to the Group.

The Group maintains an internal audit programme and Audit and Risk Committee meetings are held bi-annually to review the application of policies and procedures within the Group.

Opportunity and risk

The Company seeks to develop profitable growth opportunities that will benefit all its stakeholders whilst mitigating risks that may arise and is focused on creating long term value.

The Executive Leadership Team develops, documents and communicates the business strategy which is approved by the Group Board. This seeks to optimise opportunities identified by the Group to develop and improve its operations.

In addition, the Executive Leadership Team maintains a risk register which is reviewed at its corporate governance meetings and key risks are reported to the Board where relevant.

Remuneration

The Groups investor directors are responsible for developing policies on and setting the remuneration packages of the Executive Leadership Team pay. They look to promote executive remuneration policies aligned to the long-term sustainable success of the Company. The Groups investor directors are not remunerated by the Group. Directors' remuneration is disclosed in the parent company's financial statements and the intermediate parent company's financial statements. The Executive Teams remuneration is also disclosed in the intermediate parent company's financial statements. Remuneration includes bonuses which are linked to achievement of the business strategy.

The Company is an active equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices are objective, free from bias and based solely on work criteria and individual merit.

Welcome Break Limited

Directors' report (continued)

Statement of corporate governance arrangements (continued)

Stakeholders

The Board supports good governance practises within the business and meaningful engagement with stakeholders including, but not limited to, shareholders, customers, employees, suppliers, Government bodies and local communities in which the business operates. This is maintained through many channels and activities such as Board meetings, review of customer feedback through social media, annual employee surveys and an intranet platform to share information, best practises, achievements and successes, a centralised procurement function, engagement with Government bodies in a proactive and constructive manner, and actively supporting the Group's charity Children in Need.

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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

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

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

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

Welcome Break Limited

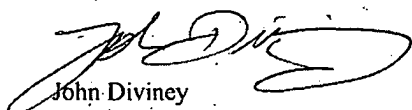
Directors' report (continued)

Directors' confirmations

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

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

This report was approved by the board on 26 April 2022 and signed on its behalf by:



John Diviney
Director



Independent auditors' report to the members of Welcome Break Limited

Report on the audit of the financial statements

Opinion

In our opinion, Welcome Break Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

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

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's group going concern paper and forecasts that supports the assessment and conclusions with respect to the disclosures within the financial statements.
- We discussed with management the assumptions made to enable us to understand and challenge the rationale for those assumptions, using our knowledge of the business.
- We reviewed actual monthly trading activity until February 2022 and compared this to management's budget to consider the impact of actual results on the future forecast period.
- We tested the mathematical accuracy of management forecasts and covenant calculations.
- We undertook lookback procedures to compare forecasts to actual historical performance, including periods where the business operated during national lockdowns.
- We reviewed management's sensitivity scenarios including their severe but plausible downside and performed additional sensitivities to these scenarios. Using these scenarios we assessed the group's compliance with the banking covenants and the available headroom in each of these scenarios.
- We reviewed the terms of borrowing facilities to ensure covenants were correctly calculated inline with these agreements and that facilities were in place throughout the going concern window.
- We reviewed management cash flow forecasts and cash headroom to ensure there was sufficient cash headroom throughout the going concern window.
- We reviewed the disclosures included within the financial statements to ensure these were consistent with the forecasts and actual performance of the business.

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

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

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

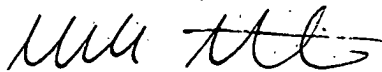
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
28 April 2022

Welcome Break Limited

Statement of comprehensive income for the year ended 31 December 2021

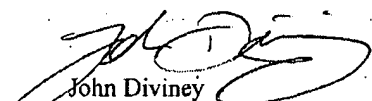
		Year ended 31 December 2021	Year ended 31 December 2020
	Note	£'000	£'000
TURNOVER	3	397,364	264,852
Cost of sales		(275,546)	(185,343)
GROSS PROFIT		121,818	79,509
Selling and distribution expenses		(85,378)	(78,182)
Administrative expenses		(763)	(743)
Other operating income	4	2,396	7,013
OPERATING PROFIT	4	38,073	7,597
Income from investment in joint venture		947	169
Income from shares in group undertakings		3,960	3,817
Interest payable and similar expenses	6	(897)	(996)
PROFIT BEFORE TAXATION		42,083	10,587
Tax on profit	7	(3,739)	(758)
PROFIT FOR THE FINANCIAL YEAR		38,344	9,829
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		38,344	9,829

Welcome Break Limited

Balance sheet as at 31 December 2021

	Note	31 December 2021 £'000	31 December 2020 £'000
FIXED ASSETS			
Intangible assets	8	54	-
Tangible assets	9	109,322	114,515
Investments	10	47,652	47,652
		157,028	162,167
CURRENT ASSETS			
Stocks	11	7,463	5,880
Debtors: amounts falling due after more than one year	12	2,436	4,137
Debtors: amounts falling due within one year	12	236,550	261,001
Cash at bank and in hand	13	992	845
		247,441	271,863
CREDITORS: amounts falling due within one year	14	(197,834)	(195,248)
NET CURRENT ASSETS		49,607	76,615
TOTAL ASSETS LESS CURRENT LIABILITIES		206,635	238,782
CREDITORS: amounts falling due after more than one year	15	(17,897)	(13,252)
Provisions for liabilities	17	(700)	(836)
NET ASSETS		188,038	224,694
CAPITAL AND RESERVES			
Called up share capital	18	2	2
Profit and loss account	19	188,036	224,692
TOTAL SHAREHOLDERS' FUNDS		188,038	224,694

The financial statements on pages 16 to 36 were approved and authorised for issue by the board on 26 April 2022 and were signed on its behalf by:


John Diviney
Director

Registered number: 1735476

The notes on pages 19 to 36 form part of these financial statements.

Welcome Break Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2021	2	224,692	224,694
Comprehensive income for the financial year			
Profit for the financial year	-	38,344	38,344
Total comprehensive income for the financial year	-	38,344	38,344
Dividend paid	-	(75,000)	(75,000)
Total transactions with owners, recognised directly in equity	-	(75,000)	(75,000)
At 31 December 2021	2	188,036	188,038

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2020	2	214,863	214,865
Comprehensive income for the financial year			
Profit for the financial year	-	9,829	9,829
Total comprehensive income for the financial year	-	9,829	9,829
At 31 December 2020	2	224,692	224,694

The notes on pages 19 to 36 form part of these financial statements.

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021

1 Principal accounting policies

(a) General information

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

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

(b) Basis of preparation

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

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

The business's principal activity is the operation of Motorway Service Areas ("MSAs"). The impact of COVID had been significant on the business during 2020 however, the effect was much less severe during 2021.

At the start of the year a national lockdown was in place which reduced motorway traffic and turn-ins to sites to around 55% of normal levels. The impact on full year results was minor due to this lockdown being in relatively quieter winter period. Easter performance was down on normal years although by this time, traffic and transactions returned with restrictions being released and vaccines being rolled out. The business benefitted from the return to more normal trading over the summer period following the release of restrictions, with exceptional results and record weekly sales at many MSA sites. There was significant pent-up demand from the travelling public who were keen to visit family and friends and attend events which had not been possible for much of the previous 16 months. With foreign travel proving difficult and expensive, the "UK Staycation" was prevalent during this period of 2021 which benefitted the sector.

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Principal accounting policies (continued)

(b) Basis of preparation (continued)

Trade for the remainder of the year remained strong. Traffic was below usual levels due to homeworking and reduced coach traffic but spend per transaction remained strong. This reflects a changing trend in transactions with marginally lower commuter trade during weekdays and higher leisure trade at weekends. The continuation of the strong trading performance, particularly the ongoing spend benefit is also noticeable during the start of 2022. The expectation for 2022 is that the UK will experience another "Staycation" effect during the summer, again leading to a very robust peak trading performance during the key months of June to September.

The business returned to an "on budget" performance in May 2021 and results have continued to be strong since. Even with early 2021 lockdown in place, the company is trading ahead of both budget and 2019.

The revised (waiver) covenants were comfortably met during 2020 and 2021, and with trading in the second half of 2021 stronger than anticipated as restrictions were eased, the return to the original covenants was achieved in June 2021.

Management have prepared forecast scenarios covering the next 12-18 months. Having reviewed detailed cashflow forecasts, the directors are comfortable that the business, and each company, will have sufficient liquidity to operate for at least the next 12 months, and have significant headroom in both. This position is continually monitored by the directors.

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

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

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

(c) Exemptions for qualifying entities under FRS102

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

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

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Principal accounting policies (continued)

(c) Exemptions for qualifying entities under FRS102 (continued)

This information is included in the consolidated financial statements of Appia Group Limited for the year ended 31 December 2021. Copies of Appia Group Limited's consolidated financial statements can be obtained from Companies House (as an Appendix to Appia Europe Limited).

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

(d) Consolidated financial statements

These financial statements contain information about Welcome Break Limited as an individual company and do not contain consolidated financial information. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Appia Group Limited, a company incorporated in Jersey.

(e) Related party transactions

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

(f) Turnover

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

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

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

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

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

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

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

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Principal accounting policies (continued)

(f) Turnover (continued)

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

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

g) Operating leases: lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

(h) Operating leases: lessor

Rentals received under operating leases are credited to the statement of comprehensive income on a straight line basis over the period of the lease.

(i) One-off items

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

(j) Government grants

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

(k) Taxation

Current tax

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

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

Deferred tax

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

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1. Principal accounting policies (continued)

(k) Taxation (continued)

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

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

(l) Pensions

The Group operates pension schemes for the benefit of all staff. Members' pension benefits are based on either defined contributions or defined benefits or a combination of both. The funds of those schemes, which are administered by Trustees, are held separate from the Group. Independent actuaries complete valuations every three years using the projected unit cost method. In accordance with their recommendations, monthly contributions are paid to the schemes so as to secure the benefits set out in the rules. Employer contributions are charged to the statement of comprehensive income in the year in which they become payable. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the scheme. Further details of the Welcome Break Pension Plan are contained within the financial statements of Welcome Break Group Limited. The amount charged to the statement of comprehensive income represents employer's contributions only.

(m) Intangible assets

Intangible assets (excluding goodwill) are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the depreciable amount of the assets to their residual values over their estimated useful lives as follows:

Software	5 years
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Amortisation is included in administrative expenses in the statement of comprehensive income.

(n) Tangible fixed assets and depreciation

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

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

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Principal accounting policies (continued)

(n) Tangible fixed assets and depreciation (continued)

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

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

Capitalisation of costs in respect of constructing property, plant and equipment commences when it is probable that future economic benefits associated with the asset will flow into the Company, the costs are directly attributable to the related asset and required to bring the asset into working condition. These costs are classified as Assets under construction and are not depreciated until they are available for use.

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

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

(o) Capitalisation of finance costs

Finance costs directly attributable to the construction of tangible fixed assets are capitalised before allowing for taxation relief.

(p) Stocks

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

(q) Cash and cash equivalents

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

(r) Financial instruments

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

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Principal accounting policies (continued)

(r) Financial instruments

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

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) At fair value with changes recognised in the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) At cost less impairment for all other investments.

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

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

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

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

(s) Provisions

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

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

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Principal accounting policies (continued)

(t) Dividend distribution

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

(u) Share capital

Ordinary shares are recognised as equity.

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

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

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

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

(a) Deferred tax

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

(b) Depreciation

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

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

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

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

(c) Impairment of assets

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

(d) Business Rates

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

3 Turnover

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

Analysis of turnover by category:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Sales of goods and services	390,286	264,219
Rent receivable under operating leases (note 1(h))	7,078	633
	397,364	264,852

All turnover arose in the United Kingdom.

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

4 Operating profit

Operating profit is stated after charging:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Inventory recognised as an expense	262,998	177,925
Amortisation of intangible assets (note 8)	3	-
Depreciation of tangible fixed assets (note 9)	13,109	13,567
Operating lease charges – land and buildings	20,252	18,750
Operating lease charges – other	1,129	940
Other pension costs (note 22)	1,177	1,134

The company has received £1,871,000 (year ended 31 December 2020: £6,467,000) in grants relating to the Coronavirus Job Retention Scheme and £ nil in grants relating to the Eat Out to Help Out Scheme (year ended 31 December 2020: £546,000) and this income is reported in Other Operating Income in the Statement of Comprehensive Income.

Auditors' remuneration for the audit of all group companies and their financial statements is borne by Welcome Break Group Limited. The total amount payable for the current financial year is £366,000 (year ended 31 December 2020: £284,000). The fee allocated to Welcome Break Limited is £84,000 (year ended 31 December 2020: £72,000). Additional costs charged in 2021 relating to the previous financial year are £35,000 of which the fee allocated to Welcome Break Limited is £11,000. No amounts were paid by the Company in respect of non-audit services (year ended 31 December 2020: £nil).

5 Employees and directors

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	32,656	31,214
Social security costs	2,073	1,908
Other pension costs	1,177	1,134
	35,906	34,256

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

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
By activity:		
- operational	2,164	2,207

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

5 Employees and directors (continued)

In the year to 31 December 2021 one director (year ended 31 December 2020: one director) was remunerated by Welcome Break Group Limited and the amount receivable is disclosed in its financial statements. It is not possible to make an accurate apportionment of their emoluments in respect of each of the group companies. The remaining directors received no remuneration for services provided to Appia Group Limited or any of its subsidiaries.

6 Interest payable and similar expenses

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Other loan interest	(250)	(253)
Interest payable to other group undertakings	(647)	(743)
	(897)	(996)

7 Tax on profit

The tax charge is made up as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax:		
Current tax	3,173	-
Group relief payable	219	2,034
Adjustments in respect of prior periods	(1,354)	(640)
Total current tax	2,038	1,394
Deferred tax:		
Deferred taxation: origination and reversal of timing differences	1,156	(299)
Deferred taxation: adjustments in respect of prior periods	1,125	75
Deferred taxation: changes in tax rates	(580)	(412)
Total deferred tax	1,701	(636)
Tax on profit	3,739	758

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Tax on profit (continued)

The tax assessed for the current year varies (year ended 31 December 2020: varies) from the standard rate of corporation tax in the UK of 19% (year ended 31 December 2020: 19%). The differences are explained below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit before taxation	42,083	10,587
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (year ended 31 December 2020: 19%)	7,996	2,012
Effects of:		
Tax adjustment for transfer pricing	(1,084)	(1,026)
Adjustments in respect of prior periods	(229)	(565)
Income not subject to tax	(752)	(725)
Expenses deductible for tax	1,250	1,474
Impact of super deductions	(127)	-
Annual Investment allowance	190	-
Utilisation of prior year losses	(2,925)	-
Re-measurement of deferred tax – change in UK tax rate	(580)	(412)
Tax charge for the financial year	3,739	758

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

The deferred tax disclosures in the financial statements include balances measured at 19% and 25%, as these were the tax rates in force at the balance sheet date.

8 Intangible assets

	Computer software £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2021	-	-	-
Additions	57	-	57
At 31 December 2021	57	-	57
Accumulated amortisation			
At 1 January 2021	-	-	-
Charge for the year	3	-	3
At 31 December 2021	3	-	3
Net book value			
At 31 December 2021	54	-	54

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

9 Tangible assets

	Land and buildings		Plant and machinery	Fixtures, fittings and equipment	Assets under construction	Total
	Freehold £'000	Leasehold £'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2021	5,811	236,005	27,497	82,973	1,440	353,726
Additions	-	2,830	1,892	2,740	356	7,818
Reclassifications and transfers	-	364	481	693	(1,440)	98
Disposals	-	-	(1)	(289)	-	(290)
At 31 December 2021	5,811	239,199	29,869	86,117	356	361,352
Accumulated Depreciation						
At 1 January 2021	5,184	150,287	13,447	70,293	-	239,211
Charge for the year	291	8,477	1,347	2,994	-	13,109
Disposals	-	-	(1)	(289)	-	(290)
At 31 December 2021	5,475	158,764	14,793	72,998	-	252,030
Net book value						
At 31 December 2021	336	80,435	15,076	13,119	356	109,322
At 31 December 2020	627	85,718	14,050	12,680	1,440	114,515

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

	31 December 2021 £'000	31 December 2020 £'000
Freehold	336	627
Long leasehold	3,340	3,064
Short leasehold	77,095	82,654
	80,771	86,345

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Investments

	31 December 2021 £'000	31 December 2020 £'000
Shares in subsidiary undertakings	41,044	41,044
Interest in joint venture	6,608	6,608
	47,652	47,652

The Company owns 91.67% of the issued ordinary shares of Motorway Services Limited which is registered in England and Wales, and whose principal place of business is Great Britain.

The Company owns a 50% interest in the Welcome Break Gretna Green Partnership whose principal place of business is Great Britain.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The registered office for all of the investments above is 2 Vantage Court, Tickford Street, Newport Pagnell, Buckinghamshire MK16 9EZ.

11 Stocks

	31 December 2021 £'000	31 December 2020 £'000
Finished goods and goods for resale	7,463	5,880

There is no significant difference between the replacement cost of stock and its carrying amount. Inventory recognised as an expense is included in note 4.

12 Debtors

	31 December 2021 £'000	31 December 2020 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	233,780	251,668
Other debtors	1,651	2,113
Corporation tax	-	203
Prepayments and accrued income	1,119	7,017
	236,550	261,001

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

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

12 Debtors (continued)

The amounts owed by other group undertakings are unsecured, interest free and are repayable on demand.

	31 December 2021 £'000	31 December 2020 £'000
Amounts falling due after more than one year		
Deferred tax asset	2,436	4,137

Deferred tax asset

	31 December 2021 £'000	31 December 2020 £'000
Excess of depreciation over capital allowances	21	4,113
Short term timing differences	2,415	24
	2,436	4,137
		£'000
At 1 January 2021		4,137
Charge to profit and loss account		1,701
At 31 December 2021		2,436

13 Cash at bank and in hand

	31 December 2021 £'000	31 December 2020 £'000
Cash at bank and in hand	992	845

14 Creditors: amounts falling due within one year

	31 December 2021 £'000	31 December 2020 £'000
Amounts owed to group undertakings	190,000	190,000
Other taxation and social security	9	11
Corporation tax	1,122	-
Other creditors	4,667	3,454
Accruals and deferred income	2,036	1,783
	197,834	195,248

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

14 Creditors: amounts falling due within one year (continued)

The amounts owed to group undertakings are unsecured, attract interest at LIBOR +1% and are repayable on demand. From 1 January 2022 amounts due to group undertakings will attract interest at SONIA plus 1%. It is not anticipated that this will have a material impact on the financial statements.

15 Creditors: amounts falling due after more than one year

	31 December 2021 £'000	31 December 2020 £'000
Other loan	7,149	7,209
Accruals and deferred income	10,748	6,043
	17,897	13,252

A loan agreement was entered into on 22 October 2015 for £7,740,000 for the redevelopment of Sarn Park. During the year £357,000 has been repaid (year ended 31 December 2020: £357,000). Interest costs of £300,000 have been accrued in the year (year ended 31 December 2020: £303,000). The effective interest rate on the loan is 4.13%. The loan matures on 22 October 2065. The loan is unsecured.

16 Loans

The maturity profile of all loans is as follows:

	31 December 2021 £'000	31 December 2020 £'000
Within one year or on demand	60	58
Between one and five years	265	255
Expiring in over 5 years	6,884	6,953
	7,209	7,266

17 Provisions for liabilities

	£'000
At 1 January 2021	836
Utilised in the year	(136)
At 31 December 2021	700

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

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

18 Called up share capital

Shares classified as equity

	31 December 2021 £'000	31 December 2020 £'000
Allotted and fully paid		
15,000,002 (31 December 2020: 15,000,002) ordinary shares of £0.0001 (31 December 2020: £0.0001) each	2	2

19 Profit and loss account

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

The Company paid a dividend of £75.0m in the year (year ended 31 December 2020: £nil).

20 Financial commitments

At 31 December 2021 and 31 December 2020 the Company was committed to make payments during the following year under non-cancellable operating leases as follows:

Payments due	Land and Buildings		Other	
	31 December 2021 £'000	31 December 2020 £'000	31 December 2021 £'000	31 December 2020 £'000
Not later than one year	15,509	14,700	994	526
Later than one year and not later than five years	67,296	62,978	-	-
Later than five years	398,329	410,574	-	-
	481,134	488,252	994	526

The Company has guaranteed the obligations of itself, Gretna Green partnership, Welcome Break Holdings (1) Limited, Welcome Break Holdings (2) Limited and Welcome Break Group Limited under bank loans obtained by Welcome Break Group Limited which are secured by fixed and floating charges over its assets.

21 Capital commitments

	31 December 2021 £'000	31 December 2020 £'000
Future capital expenditure contracted but not provided for	-	237

Welcome Break Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

22 Pension commitments

The Company participates in the Welcome Break Pension Plan. This scheme is of the defined benefit type with a defined contribution underpin and the assets are held separately from the Company's assets. The total pension cost relating to the defined contribution scheme was £1,177,000 (year ended 31 December 2020: £1,134,000). At the year end there were unpaid pension contributions of £85,000 (31 December 2020: £142,000). Further details of the Welcome Break Pension Plan are contained within the consolidated financial statements of Welcome Break Group Limited.

23 Related party disclosures

During the year to 31 December 2021 the Company transacted with Motorway Services Limited, a company which it holds 92% of the voting shares. The Company charged rent of £6,737,000 (year ended 31 December 2020: £3,711,000) to Motorway Services Limited. During the year the Company was charged £647,000 (year ended 31 December 2020: £743,000) of interest on the net intercompany balance. In addition Welcome Break Limited received a dividend from Motorway Services Limited of £3,960,000 (year ended 31 December 2020: £3,817,000). The balance at 31 December 2021 due from Motorway Services Limited is £52,345,000. (31 December 2020: £42,295,000).

24 Ultimate controlling company

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

Welcome Break Holdings (1) Limited, incorporated in England and Wales, is the intermediate parent undertaking that heads the smallest group of companies of which the Company is a member and for which group financial statements are prepared. Copies of Welcome Break Holdings (1) Limited consolidated financial statements are available from Companies House. The registered office of Welcome Break Group Limited and Welcome Break Holdings (1) Limited is 2 Vantage Court, Newport Pagnell, Buckinghamshire MK18 3EU.

Appia Group Limited, incorporated in Jersey, is the intermediate parent company and is owned by Petrogas Holdings UK Limited 50.01%, Rome One LP 33.29% and Rome Two LP 16.70%.

On 9 March 2021 Causeway Consortium Limited, a wholly owned subsidiary of Causeway Consortium Holdings Limited, acquired 100% of the shares Applegreen Limited (formerly Applegreen plc). Causeway Consortium Holdings Limited the ultimate controlling party, is the largest group to consolidate these financial statements. The registered office of Causeway Consortium Holdings Limited is 25-28 North Wall Quay, IFSC, Dublin 1, D01H104 Ireland.