REGISTERED NUMBER 3126731

First Motorway Services Limited

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 JANUARY 2016

First Motorway Services Limited

COMPANY INFORMATION

DIRECTORS	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
AUDITORS	Ernst & Young LLP 1 Colmore Square Birmingham B4 6HQ

First Motorway Services Limited

CONTENTS

First Motorway Services Limited

STRATEGIC REPORT
FOR THE YEAR ENDED 5 JANUARY 2016

The directors present their Strategic Report for the year ended 5 January 2016. The comparative period was the 53 week period ended 6 January 2015.

Review of the business

Principal activity
First Motorway Services Limited ("the Company") operated two Motorway Service Areas on two sides of the motorway in the United Kingdom for the year ended 5 January 2016. The Company also operated a two 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.

The results for the Company show an operating profit of £529,000 (6 January 2015: £77,000) and a pre-tax profit of £523,000 (6 January 2015: £35,000). The board are satisfied with the results for the period.

Business environment and strategy
The following narrative relates to the underlying trade of the Roadchef Limited Group ("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, of which the Group is the third largest with a market share of approximately 21% (6 January 2015: 21%).

Management believe there are approximately 50 million visits to the Group's sites in a year and 74% of these visits result in the visitor being converted to a customer. The Group's objective is to increase the conversion rate and the amount each customer spends. Recent investment in the catering offering at key sites has proven to reduce the level of non-conversion by between 5-10%.

The Group's strategies to achieve this objective 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.

During 2015, the Group continued with its multi-million pound development plan of the Motorway Service Areas. In addition to the two installed during 2014, the Group has installed McDonald's at five Motorway Service Areas during 2015, which has proved successful with significant sales growth. Following the acquisition of a vacant double sided site on the A34 at Sutton Scotney in 2014, the Group refurbished and opened a Days Inn hotel on one side of these premises in the year. A hotel on the second side of Sutton Scotney opened in March 2016.

2016 will see the progression of managements' development plan towards the installation of a brand new grocery offering to customers, with seven grocery outlet openings planned. The Group continues to invest in developing its in-house branded catering outlet, Fresh Food Café. Fresh Food Café combines a contemporary branded food servery with the latest back of house cooking equipment, which improves food quality, speed of service and continues to deliver value to customers. Finally, management are committed to enhancing the general amenity building space and facilities throughout the estate and have several extension and refurbishment plans in place for this.

Review of the business (continued)

The board monitors progress on the Company strategy and the individual strategic elements by reference to the following key performance indicators (based upon the like-for-like first 52 weeks of each period):

	5 January 2016	6 January 2015	Definition, method of calculation and analysis
Growth in amenity building sales (%)	27.6%	129.7%	Year-on-year sales growth expressed as a percentage, the growth in the prior period is attributed to Annandale Water being part of the Company for a full year. Current year growth has the benefit of a full year of trade with the Sutton Scotney site. Excluding Sutton Scotney, growth is 11.5% which reflects the continued popularity of the franchise partner offerings in place.
Gross margin in the amenity building (%)	61.0%	61.0%	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 transactions (m)	3.1	2.5	This is the actual number of transactions recorded in the main building in both the retail, grocery and catering outlets. The rise in 2015 reflects the continued popularity of the franchise partner offerings in place and the benefits of a full year of trade with the Sutton Scotney site.
Spend per transaction (£)	£4.79	£4.70	This is the sales in the amenity building (excluding hotel offerings and other income) divided by the number of transactions. The directors closely monitor this at an outlet level where the labour content of each transaction can vary significantly. The spend per transaction has increased during the period driven by an improved spend per transaction at Annandale Water.

Principal risks and uncertainties

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

Living Wage: The Company employs many of its staff at wage rates that are close to the national minimum wage. The Government introduction of the mandatory 'national living wage' has been implemented by the Company from January 2016, three months ahead of the mandatory deadline, and has seen the Company award above inflation pay increases. The Company has actively planned for these increases and has various initiatives planned to help mitigate the impact of the national living wage.

Road Pricing: There has been much discussion in the press concerning the implementation of a road pricing regime aimed at reducing the use of motor vehicles. The Company's management regard the implementation of such a UK Government policy to be remote at present, though consider it to be a potential long term issue.

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.

Principal risks and uncertainties (continued)

Financial risk management policies
The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, and equity instruments.

The Company is exposed to a number of risks associated with these financial instruments. In particular the Company is exposed to credit risk and liquidity risk. The Company operates solely within the United Kingdom and has minimal exposure to foreign currency transactions, which eliminates exposure to foreign exchange risk. The Company'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. 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.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's principal financial assets are trade receivables of £144,000 (6 January 2015: £84,000), which represent the Company's maximum exposure to credit risk in relation to financial assets.

Trade receivables are made up of credit card receivables and invoiced sales not yet collected. 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 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 would indicate a low level of credit risk to the business. No collateral or other credit enhancements are held.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Roadchef 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.

Capital management
Capital consists of equity attributable to the equity holders of the parent. The Company does not have a complex capital structure and do not anticipate any changes to capital in the foreseeable future.

On behalf of the board

James Muirhead

J Muirhead
Director

Date: 10 June 2016

DIRECTORS' REPORT
FOR THE YEAR ENDED 5 JANUARY 2016

The directors present their report for the year ended 5 January 2016.

Directors
Details of all the directors who have held office since 6 January 2015 are given below:

S Turl
I McKay
R Tindale
J Muirhead

Results and dividends
The results for the period are set out on page 8. The directors do not recommend the payment of a dividend (6 January 2015: £nil).

Future developments

The principal activities, organisational structure and debt structure of the Company are not anticipated to change in the foreseeable future. Management plan 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 Company continues and that appropriate training is arranged. It is the policy of the Company 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 Company 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 Company 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 Company. The Company makes use of an annual employee engagement survey to collect the views and opinions of its employees. The Company also encourages all levels of staff to fulfill their own potential and offers internal training, secondment and promotion opportunities to enable this.

Going concern
The Company'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 key sensitivity is the level of trading it achieves which is dependent on a number of factors outside the Company'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 which is renewed annually. In addition the Group has loan notes, bank debt and intercompany borrowings which it uses to finance the activities. The Company is party to the Group arrangements or the recipient of the on-lending of these borrowings.

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 Company has net current liabilities of £6,644,000 (6 January 2015: £7,390,000). The directors are of the opinion that, having regard to the funding available from Roadchef Bidco Limited and other Roadchef Group companies, the Company 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

Roadchef Limited, a parent company in the United Kingdom, has granted an indemnity to one or more of its directors against its 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 Company's auditors, each of these directors confirms that:

• To the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company'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 auditors were aware of that information.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Ernst & Young 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: 10 June 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 5 JANUARY 2016

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework' ("FRS 101"). 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 period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will remain in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIRST MOTORWAY SERVICES LIMITED

We have audited the financial statements of First Motorway Services Limited for the year ended 5 January 2016 which comprise the Income Statements, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes In Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
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 and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 5 January 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared are consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Ernst & Young LLP

Adrian Roberts (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date: 10 June 2016

First Motorway Services Limited

INCOME STATEMENT
FOR THE YEAR ENDED 5 JANUARY 2016

	Note	Year ended 5 January 2016 £'000	53 week period ended 6 January 2015 £'000
Revenue	4	**16,845**	13,563
Cost of sales		**(6,061)**	(4,852)
Gross profit		**10,784**	8,711
Administrative expenses:			
Before exceptional items		**(10,208)**	(7,546)
Property impairments	6	**-**	(464)
Other exceptional items	7	**(47)**	(624)
		(10,255)	(8,634)
Operating profit		**529**	77
Finance costs	10	**(6)**	(42)
Profit before taxation		**523**	35
Taxation	11	**162**	(63)
Profit/ (loss) for the financial period	20	**685**	(28)

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

First Motorway Services Limited

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 5 JANUARY 2016

	Note	Year ended 5 January 2016 £'000	53 week period ended 6 January 2015 £'000
Profit/ (loss) for the financial period	20	**685**	(28)
Total comprehensive income/ (expense) for the period		**685**	(28)

First Motorway Services Limited

BALANCE SHEET
AS AT 5 JANUARY 2016

	Note	5 January 2016 £'000	6 January 2015 £'000
Assets			
Non-current assets			
Intangible assets	12	**17**	23
Property, plant and equipment	13	**24,011**	24,661
		24,028	24,684
Current assets			
Inventories	14	**345**	267
Trade and other receivables	15	**844**	248
Cash at bank and in hand	16	**1,242**	887
		2,431	1,402
Total assets		**26,459**	26,086
Liabilities			
Current liabilities			
Trade and other payables	17	**(9,075)**	(8,792)
		(9,075)	(8,792)
Non-current liabilities			
Other financial liabilities	18	**(7,130)**	(7,130)
Deferred tax liabilities	11	**(3,261)**	(3,856)
		(10,391)	(10,986)
Total liabilities		**(19,466)**	(19,778)
Net assets		**6,993**	6,308
Equity			
Issued capital	19	**101**	101
Retained earnings	20	**6,892**	6,207
Total equity		**6,993**	6,308

The financial statements were approved by the board and authorised for issue on 10 June 2016.

James Muirhead

J Muirhead
Director

First Motorway Services Limited

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 5 JANUARY 2016

	Note	Issued capital £'000	Retained earnings £'000	Total Equity £'000
At 1 January 2014		101	6,235	6,336
Loss for the financial period	20	-	(28)	(28)
At 6 January 2015		**101**	**6,207**	**6,308**
Profit for the financial period	20	-	685	685
At 5 January 2016		**101**	**6,892**	**6,993**

1 Accounting policies

Basis of preparation
The financial statements have been prepared for the year ended 5 January 2016. The comparative period was the 53 week period ended 6 January 2015.

The financial statements of the company have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standards 101, 'Reduced Disclosure Framework' ("FRS 101"). For all periods up to and including the period ended 6 January 2015, the Company prepared its financial statements in accordance with UK Generally Accepted Accounting Practice ("previous UK GAAP"). These financial statements for the year ended 5 January 2016 are the first the Company has prepared in accordance with FRS 101. See note 3 for information on how the Company adopted FRS 101.

The financial statements have been prepared under the historical cost convention. The principal accounting policies are set out below.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 *Financial Instruments: Disclosures;*

(b) the requirements of paragraphs 10 (d), 16, 38 A to D, 111, and 134 to 136 of IAS 1 *Presentation of Financial Statements;*

(c) the requirements of paragraphs 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;

(d) the requirements of IAS 7 *Statement of Cash Flows;*

(e) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;

(f) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

(g) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors; and*

(h) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement.*

Going concern
The Company'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 key sensitivity is the level of trading it achieves which is dependent on a number of factors outside the Company'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 which is renewed annually. In addition the Group has loan notes, bank debt and intercompany borrowings which it uses to finance the activities. The Company is party to the Group arrangements or the recipient of the on-lending of these borrowings.

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 Company has net current liabilities of £6,644,000 (6 January 2015: £7,390,000). The directors are of the opinion that, having regard to the funding available from Roadchef Bidco Limited and other Roadchef Group companies, the Company 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.

Cash and cash equivalents
Cash and cash equivalents comprise of cash at bank and in hand and bank overdrafts held.

Revenue
Revenue consists of the amounts receivable from customers in the UK from the Company's continuing activity, excluding Value Added Tax. Revenue on catering, retail, and hotel sales is recognised when goods or services are provided to the customer.

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.

1 Accounting policies (continued)

Vendor allowances
The Company 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 Company becomes entitled to them.

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:

Licences	Over the period of the licence

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:

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

The cost of other property, plant and equipment comprises plant and machinery, fixtures and fittings and computer equipment and is written off over their expected useful lives on a straight line basis as follows:

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

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

At each reporting date, the Company reviews the carrying amounts of property, plant and equipment 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 Company considers at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Disclosures relating to the impairment of financial assets are given in the Strategic report and note 15.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. 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 amount charged to the income statement in respect of personal money purchase pension schemes is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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.

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

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

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.

2 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and 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 asset or liability 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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

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 Company 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.

2 Significant accounting judgements, estimates and assumptions (continued)

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.

3 First-time adoption of FRS 101

These financial statements, for the year ended 5 January 2016, are the first the Company has prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). For periods up to and including the period ended 6 January 2015, the Company prepared its financial statements in accordance with UK Generally Accepted Accounting Practice (" previous UK GAAP").

The Company has prepared financial statements which comply with FRS 101 for the year ended 5 January 2016, together with the comparative period data as at and for the period ended 6 January 2015, as described in the accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 January 2014, the Company's date of transition to FRS 101. This note explains the principal adjustments made by the Company in restating its previous UK GAAP balance sheet as at 1 January 2014 and its previously published UK GAAP financial statements as at and for the 53 week period ended 6 January 2015.

Exemptions applied

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

The Company has applied the following exemptions:

• IFRS 3 Business Combinations has not been applied retrospectively to acquisitions of subsidiaries which occurred prior to 1 January 2014. Use of this exemption means that the previous UK GAAP carrying amounts of assets and liabilities, which are required to be recognised under FRS 101, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with FRS 101. Assets and liabilities that do not qualify for recognition under FRS 101 are excluded from the opening FRS 101 balance sheet. The Company did not recognise or exclude any previously recognised amounts as a result of FRS 101 recognition requirements.

• Land and buildings were carried in the balance sheet prepared in accordance with previous UK GAAP on the basis of valuations. The Company has elected to regard the values at 31 December 2013 as deemed cost, being comparable to fair value at the transition date. From the date of transition land and buildings have been accounted for under the cost model based upon brought forward deemed cost.

Estimates

The estimates at 1 January 2014 and at 6 January 2015 under FRS 101 are consistent with those made for the same dates in accordance with previous UK GAAP (after adjustments to reflect any differences in accounting policies).

3 First-time adoption of FRS 101 (continued)

Company reconciliation of equity as at 1 January 2014 (date of transition to FRS 101)

	Notes	UK GAAP	Effect of transition to FRS 101	FRS 101 as at 1 January 2014
		£'000	£'000	£'000
Assets				
Non-current assets				
Intangible assets		30	-	**30**
Property, plant and equipment		22,700	-	**22,700**
		22,730	-	**22,730**
Current assets				
Inventories		191	-	**191**
Trade and other receivables		20,479	-	**20,479**
Cash at bank and in hand		-	-	**-**
		20,670	-	**20,670**
Total assets		43,400	-	**43,400**
Liabilities				
Current liabilities				
Trade and other payables		(33,005)	-	**(33,005)**
Loans and Borrowings		(28)	-	**(28)**
		(33,033)	-	**(33,033)**
Non-current liabilities				
Deferred tax liabilities	A	(479)	(3,552)	**(4,031)**
		(479)	(3,552)	**(4,031)**
Total liabilities		(33,512)	(3,552)	**(37,064)**
Net assets		9,888	(3,552)	**6,336**
Equity				
Issued capital		101	-	**101**
Revaluation reserve	B	8,382	(8,382)	**-**
Retained earnings	A,B	1,405	4,830	**6,235**
Total equity		9,888	(3,552)	**6,336**

3 First-time adoption of FRS 101 (continued)

Company reconciliation of equity as at 6 January 2015

	Notes	UK GAAP £'000	Effect of transition to FRS 101 £'000	FRS 101 as at 6 January 2015 £'000
Assets				
Non-current assets				
Intangible assets		23	-	**23**
Property, plant and equipment	B	27,400	(2,739)	**24,661**
		27,423	(2,739)	**24,684**
Current assets				
Inventories		267	-	**267**
Trade and other receivables		248	-	**248**
Cash at bank and in hand		887	-	**887**
		1,402	-	**1,402**
Total assets		28,825	(2,739)	**26,086**
Liabilities				
Current liabilities				
Trade and other payables		(8,792)	-	**(8,792)**
		(8,792)	-	**(8,792)**
Non-current liabilities				
Other financial liabilities		(7,130)	-	**(7,130)**
Deferred tax liabilities	A	(466)	(3,390)	**(3,856)**
		(7,596)	(3,390)	**(10,986)**
Total liabilities		(16,388)	(3,390)	**(19,778)**
Net assets		12,437	(6,129)	**6,308**
Equity				
Issued capital		101	-	**101**
Revaluation reserve	B	10,842	(10,842)	**-**
Retained earnings	A,B	1,494	4,713	**6,207**
Total equity		12,437	(6,129)	**6,308**

3 First-time adoption of FRS 101 (continued)

Company reconciliation of total comprehensive income for the period ended 6 January 2015

Income statement	Notes	UK GAAP £'000	Effect of transition to FRS 101 £'000	FRS 101 as at 6 January 2015 £'000
Revenue		13,563	-	**13,563**
Cost of sales		(4,852)	-	**(4,852)**
Gross profit		8,711	-	**8,711**
Administrative expenses:				
Before exceptional items		(7,546)	-	**(7,546)**
Property revaluation loss		(464)	-	**(464)**
Exceptional items		(624)	-	**(624)**
Operating profit		77	-	**77**
Finance costs		(42)	-	**(42)**
Profit before taxation		35	-	**35**
Taxation	A	(225)	162	**(63)**
Loss for the financial period		(190)	162	**(28)**
Other comprehensive income				
Unrealised surplus on revaluation of land and buildings	B	2,739	(2,739)	**-**
Total comprehensive income for the period		2,549	(2,577)	**(28)**

3 First-time adoption of FRS 101 (continued)

Notes to the reconciliation of Company equity as at 1 January 2014 and 6 January 2015 and Company total comprehensive income for the period ended 6 January 2015

A Deferred tax

Transitional adjustments made, as well as remeasurement under FRS 101, have had the effect of increasing deferred tax liabilities at 1 January 2014 by £3,552,000, with corresponding amounts recorded in retained earnings. Furthermore, net deferred tax movements of £162,000 have been recorded in the Income Statement in the period ended 6 January 2015.

B Property, plant and equipment

From the date of transition, the Company has elected to carry land and buildings under the historic cost model based upon deemed cost at the date of transition. Revaluation reserve amounts have been transferred to retained earnings and revaluation gains of £2,739,000 recorded under previous UK GAAP in the period ended 6 January 2015 have been derecognised, with a corresponding entry to retained earnings.

4 Revenue

	Year ended 5 January 2016 £'000	53 week period ended 6 January 2015 £'000
Sale of goods	**14,902**	11,920
Provision of services	**1,943**	1,643
	16,845	13,563

5 Cost of sales

Cost of sales includes:

	Year ended 5 January 2016 £'000	53 week period ended 6 January 2015 £'000
Costs of inventories recognised as an expense	**4,889**	3,898
Franchise fees	**880**	677
Consumables and disposables	**415**	298

6 Administrative expenses

Administrative expenses include:

	Year ended 5 January 2016 £'000	53 week period ended 6 January 2015 £'000
Depreciation of property, plant and equipment:		
- owned assets	**901**	575
- leased assets	**725**	756
Amortisation of intangible assets	**6**	7
Property impairment	**-**	464
Operating lease rentals:		
- land and buildings	**70**	62
- plant and machinery	**34**	37
Business rates	**529**	520
Repairs and maintenance	**358**	297
Utilities	**466**	530
Employee benefit expenses (note 8)	**4,301**	3,414
Auditor's remuneration - audit of the financial statements	**20**	20

The Company's audit fee of £20,000 (6 January 2015: £20,000) was borne by Roadchef Limited, a fellow group company in the United Kingdom, and recharged to the Company.

Fees paid to the Company's auditor for services other than the statutory audit of the Company are not disclosed since the consolidated accounts of Roadchef Limited, an intermediate parent company, are required to disclose non-audit fees on a consolidated basis.

7 Exceptional items

	Year ended 5 January 2016 £'000	53 week period ended 6 January 2015 £'000
Restructuring costs	**6**	62
Pre-opening expenses	**31**	562
Other	**10**	-
	47	624

The restructuring costs in the year relate to employee costs following internal reorganisation. The prior period costs relate to professional fees, redundancy costs of employees, and exceptional write offs incurred following internal reorganisation and insourcing of back office activities in the period.

Pre-opening expenses relate to costs associated with the opening of new units, which included two McDonald's units during the prior period.

The tax impact of the above items has been to reduce the current tax charge by £36,000 (6 January 2015: £134,000).

8 Employee benefit expenses

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

	Year ended 5 January 2016 Number	53 week period ended 6 January 2015 Number
Operational	**316**	283
Management and administration	**49**	28
	365	311

Their payroll costs comprised:

	£'000	£'000
Wages and salaries	**4,065**	3,203
Social security costs	**205**	177
Other pension costs	**31**	34
	4,301	3,414

9 Directors' remuneration

	Year ended 5 January 2016 £'000	53 week period ended 6 January 2015 £'000
Short-term employee benefits	**231**	436
Post-employment pension benefits	**17**	22
Number of directors accruing benefits under money purchase schemes	**4**	4
In respect of the highest paid director:		
Short-term employee benefits	**101**	178
Post-employment pension benefits	**7**	8

There were no directors (6 January 2015: none) who were members of a defined benefit pension scheme.

10 Net finance costs

	Year ended 5 January 2016 £'000	53 week period ended 6 January 2015 £'000
Finance costs		
Bank loans and overdrafts	-	8
Interest on exceptional VAT	-	5
Other interest	6	29
	6	42

11 Taxation

	Year ended 5 January 2016 £'000	53 week period ended 6 January 2015 £'000
Corporation tax		
Group relief payable	**317**	238
Net consideration for transfer pricing & World Wide Debt Cap ("WWDC")	**116**	-
Total current tax	**433**	238
Deferred tax		
Origination and reversal of timing differences	**(294)**	(175)
Effect of decreased tax rate on deferred tax balance	**(301)**	-
Total taxation (credited)/ charged to income statement	**(162)**	63

The total current tax charge is different to the standard rate of corporation tax in the United Kingdom of 20.25% (6 January 2015: 21.49%). The material differences are reconciled below:

Profit before taxation	**523**	35
Profit before taxation multiplied by the UK tax rate of 20.25% (6 January 2015: 21.49%)	**106**	8
Transfer pricing and WWDC adjustments	**(116)**	(31)
Consideration for TP and WWDC adjustments	**116**	31
Effect of decreased tax rate on deferred tax balance	**(301)**	13
Depreciation charged on ineligible assets	**24**	33
Expenses not deductible for tax purposes	**9**	9
Total tax (credit)/ charge	**(162)**	63

The Company has claimed group relief relating to the current period from other group companies for £317,000 (6 January 2015: £238,000) consideration.

First Motorway Services Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 5 JANUARY 2016

11 Taxation (continued)

Reconciliation of deferred taxes

	Balance sheet			Income statement	
	5 January 2016 £'000	6 January 2015 £'000	1 January 2014 £'000	**Year ended 5 January 2016 £'000**	53 week period ended 6 January 2015 £'000
Property, plant and equipment	(3,261)	(3,856)	(4,031)	**595**	175
Deferred tax credit through income statement				**595**	175
Net deferred tax liability	**(3,261)**	(3,856)	(4,031)		
Reflected as:					
Deferred tax liabilities	(3,261)	(3,856)	(4,031)		
	(3,261)	(3,856)	(4,031)		

Movements in net deferred tax liability:	**5 January 2016 £'000**	6 January 2015 £'000
Net deferred tax liability		
At 7 January 2015	**(3,856)**	(4,031)
Credit through income statement	**595**	175
At 5 January 2016	**(3,261)**	(3,856)

The Company has chosen not to recognise a potential deferred tax asset of £44,000 in respect of brought forward tax losses (6 January 2015: £49,000) due to uncertainty over the recoverability of this asset.

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the 2016 Budget Statement. At the Balance Sheet date a rate of 18% (effective from 26 October 2015) had been substantively enacted, applicable for periods beginning 1 April 2020. The current corporation tax rate of 20% will reduce to 19% on 1 April 2017. 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. Further reduction to the main rate are proposed to reduce the rate by 1% to 17% from 1 April 2020. These further changes had not been substantively enacted at the Balance Sheet date and, therefore, are not included in these financial statements. The proposed changes will lead to a reduction in deferred tax assets and liabilities. The net deferred tax liability would reduce to £3,080,000 if all the deferred tax balance reversed at 17%.

12 Intangible assets

	Licences £'000
Cost	
At 7 January 2015 and 5 January 2016	33
Amortisation	
At 7 January 2015	10
Charge for period	6
At 5 January 2016	16
Net book value	
At 5 January 2016	17
At 6 January 2015	23

The Company has made upfront payments to purchase licences relevant to the operation activities of the Company. Licences have been granted for a period of five years, and this has been used as the expected useful life for the purpose of amortisation.

13 Property, plant and equipment

	Land and buildings		Fixtures, fittings and equipment	Total
	Long leasehold £'000	Short leasehold £'000	£'000	£'000
Cost or deemed cost				
At 7 January 2015	7,969	12,980	6,289	27,238
Additions	-	12	964	976
Disposals	-	-	(299)	(299)
At 5 January 2016	7,969	12,992	6,954	27,915
Depreciation or impairment				
At 7 January 2015	169	939	1,469	2,577
Charge for period	169	442	1,015	1,626
Disposals	-	-	(299)	(299)
At 5 January 2016	338	1,381	2,185	3,904
Net book value				
At 5 January 2016	7,631	11,611	4,769	24,011
At 6 January 2015	7,800	12,041	4,820	24,661

Fixtures, fittings and equipment includes assets with a cost of £972,000 (6 January 2015: £800,000) and accumulated depreciation of £369,000 (6 January 2015: £251,000) subject to finance leases. The finance leases under which these amounts are leased are held in Roadchef Limited and Roadchef Motorways Limited.

The leasehold land and buildings were professionally valued by external valuers DTZ Debenham Tie Leung, as at 30 September 2014, 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 2 of the fair value hierarchy. The market value of plant, property and equipment at 30 September 2014 was £27,400,000.

A review of individual site carrying values gave rise to an impairment in the period of £nil in respect of land and buildings (6 January 2015: £464,000). Impairments recorded in the prior period were determined with reference to the valuation completed by DTZ Debenham Tie Leung as described above. The recoverable amount of assets impaired in the prior period was £2,900,000 against a carrying value of £3,364,000.

At 5 January 2016, the Company had unprovided capital commitments of £2,000 (6 January 2015: £109,000).

14 Inventories

	5 January 2016 £'000	6 January 2015 £'000	1 January 2014 £'000
Raw materials and consumables	108	66	52
Goods for resale	237	201	139
	345	267	191

The replacement value of stock is not materially different than cost.

15 Trade and other receivables (current)

	5 January 2016 £'000	6 January 2015 £'000	1 January 2014 £'000
Trade receivables	144	84	-
Amounts owed by intermediate parent company	509	-	20,428
Other receivables	-	4	-
Prepayments and accrued income	191	160	51
	844	248	20,479

As at 5 January 2016, trade receivables of £7,000 (6 January 2015: £1,000) were past due. The ageing analysis of these receivables is as follows:

	5 January 2016 £'000	6 January 2015 £'000
Past due		
1-30 days	7	1
	7	1

There is no provision for impairment against trade receivables at 5 January 2016 (6 January 2015: £nil).

16 Cash at bank and in hand

	5 January 2016 £'000	6 January 2015 £'000	1 January 2014 £'000
Cash at bank and in hand	1,242	887	-

17 Trade and other payables (current)

	5 January 2016 £'000	6 January 2015 £'000	1 January 2014 £'000
Trade payables	1,338	461	-
Amounts owed to group companies	6,482	7,301	32,428
Other taxes and social security	546	464	223
Other payables	3	83	4
Accruals	706	483	350
	9,075	8,792	33,005

18 Other financial liabilities (non-current)

	5 January 2016 £'000	6 January 2015 £'000	1 January 2014 £'000
Amounts owed to group companies	7,130	7,130	-

The amounts owed to group companies are unsecured, non-interest bearing and have no fixed repayment dates. The fellow group companies have indicated that they will not require repayment before twelve months from the date of signature of these financial statements.

19 Issued capital

	5 January 2016 £'000	6 January 2015 £'000	1 January 2014 £'000
Authorised, issued and fully paid			
2 special ordinary shares of £1 each	-	-	-
100,000 ordinary share of £1 each	**100**	100	100
50,000 'B' ordinary shares of £0.01 each	**1**	1	1
	101	101	101

The ordinary shares have voting rights of one vote per share and on winding up, the holders are entitled to £1 per share.

The special ordinary shares have no voting rights and carry no rights to dividends. On winding up, the holders are entitled to £1 per share.

The 'B' ordinary shares have voting rights of one vote per share. The 'B' ordinary shares carry no right to dividends and, on winding up, the holders are entitled to £0.01 per share.

20 Reserves

	Retained earnings £'000	Total £'000
At 1 January 2014	6,235	**6,235**
Loss for the financial period	(28)	**(28)**
At 6 January 2015	**6,207**	**6,207**
Profit for the financial year	685	**685**
At 5 January 2016	**6,892**	**6,892**

21 Pension schemes

Defined contribution schemes
The Company operates defined contribution pension schemes. The assets of these schemes are held separately from those of the Company in independently administered funds. The pension charge for the period for these schemes amounted to £31,000 (6 January 2015: £34,000). An amount of £nil (6 January 2015: £nil) is owed to the pension schemes at the year end.

22 Financial commitments

The Company is a lessee with future minimum rentals payable under non-cancellable operating leases of land and buildings as follows:

	5 January 2016 £'000	6 January 2015 £'000
Expiry date:		
Within one year	**110**	87
Between one and five years	**316**	310
After more than five years	**1,598**	1,667
	2,024	2,064

23 Contingent liabilities

There are fixed and floating charges over the assets of the Company to secure bank loans held by a fellow group company amounting to £18,000,000 (6 January 2015: £15,000,000). The directors consider the likelihood of any financial liability arising in respect of these to be remote.

24 *Control*

The immediate parent company is Roadchef Newco 1 Limited, a company registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Roadchef Topco Limited, the smallest is Roadchef Newco 1 Limited. Copies of both these financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

As at 5 January 2016, Antin Infrastructure Partners Luxembourg III S.a.r.l is considered to be the ultimate controlling party, a company registered in Luxembourg.