REGISTERED NUMBER 3126731

FIRST MOTORWAY SERVICES LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 3 JANUARY 2017

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
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT

FIRST MOTORWAY SERVICES LIMITED

CONTENTS

Contents	Pages
Strategic report	1 - 3
Directors' report	4 - 5
Statement of directors' responsibilities	6
Independent auditors' report	7 - 8
Income statement	9
Statement of other comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 - 25

STRATEGIC REPORT
FOR THE YEAR ENDED 3 JANUARY 2017

The directors present their Strategic Report for the 52 week year ended 3 January 2017. The comparative period was the year ended 5 January 2016.

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 3 January 2017. 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 £831,000 (5 January 2016: £529,000) and a profit before taxation of £765,000 (5 January 2016: £523,000). The board are satisfied with the results for the year.

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. With an annual turnover of more than £195m, the Group operates roadside service areas at 30 key locations across the UK. The Group's sites are located at strategic positions on the UK motorway network.

Management believe there are approximately 50 million visits to the Group's sites in a year and 75% of these visits result in the visitor being converted to a customer. 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 improve the level of 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.

Following a change in ownership of the Group in 2014, the Group initiated its multi-million pound development plan of the Motorway Service Areas. As well as upgrading existing offerings with the latest equipment and formats, the Group has installed brand new McDonald's at two Motorway Service Areas during 2016, which has proved successful with significant sales growth.

In addition to the two initial new grocery offerings opening in 2015, the Group has opened four further units this year. Two more grocery openings are planned for the estate 2017.

2016 has also seen the Group's opening of the first Costa Drive Thru on the UK's motorway network; a format which management are excited to develop further across the estate in 2017.

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:

	3 January 2017	5 January 2016	Definition, method of calculation and analysis
Growth in amenity building sales (%)	**6.1%**	27.6%	Year-on-year sales growth expressed as a percentage. The growth in the prior period benefitted from a first full year of trade with the Sutton Scotney site. The continued growth in the current year reflects the popularity of the franchise partner offerings in place.
Gross margin in the amenity building (%)	**60.6%**	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)	**3.2**	3.1	This is the actual number of transactions recorded in the main building in the retail and catering outlets. The increase in 2016 reflects the continued popularity of the franchise partner offerings in place.
Spend per transaction (£)	**£4.91**	£4.79	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 average spend per transaction has increased during the year, which the directors take as a key indicator of customer satisfaction with offerings and products available.

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 Government introduction of the mandatory 'national living wage' has been implemented by the Group from January 2016, three months ahead of the mandatory deadline, and has seen the Group award above inflation pay increases. The Group actively planned for these increases and recognises the benefit that these bring to its employees and the business.

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.

EU Referendum: Following the 2016 referendum decision for the UK to leave the EU, there has been increased uncertainty in markets related to the Group's activities. The majority of the Group's direct suppliers are based in the UK and management work closely with these to secure competitive pricing. The Group's customer base is the travelling public in the UK. Whilst there is uncertainty in how the referendum result will impact consumer spending, management are hopeful that the Group can benefit from increased tourism to the UK following a post-referendum decrease in the value of sterling. The Group has both fixed and floating rate borrowings and the risks associated with these are discussed on page 3.

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 £216,000 (5 January 2016: £144,000), 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 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 the directors do not anticipate any changes to capital in the foreseeable future.

On behalf of the board

J Muirhead
Director

Date: 1 June 2017

DIRECTORS' REPORT
FOR THE YEAR ENDED 3 JANUARY 2017

The directors present their report for the year ended 3 January 2017.

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

S Turl
I McKay
R Tindale
J Muirhead

Results and dividends
The results for the year are set out on page 9. The directors do not recommend the payment of a dividend (5 January 2016: £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. The Group is one of the few hospitality businesses with a Gold Investors in People accreditation, demonstrating the exceptional standards and commitment that the business maintains as an employer.

Going concern
The 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. In addition the Group has 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 assets of £4,576,000 (5 January 2016: £6,993,000). The directors are of the opinion that, having regard to the funding available from Roadchef Bidco Limited and other 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.

Independent auditors

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

On behalf of the board

J Muirhead
Director

Date: 1 June 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 3 JANUARY 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 period. In preparing the 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 United Kingdom Accounting Standards, comprising FRS 101, 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 continue in business.

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

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

On behalf of the board

J Muirhead
Director

Date: 1 June 2017

Independent auditors' report to the members of First Motorway Services Limited

Report on the financial statements

Our opinion

In our opinion, First Motorway Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 3 January 2017 and of its profit for the 52 week year (the "year") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Reports and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 3 January 2017;
- the income statement for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

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

Date: 2 June 2017

FIRST MOTORWAY SERVICES LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 3 JANUARY 2017

	Note	Year ended 3 January 2017 £'000	Year ended 5 January 2016 £'000
Revenue	4	**18,311**	16,845
Cost of sales		**(6,704)**	(6,061)
Gross profit		**11,607**	10,784
Administrative expenses:			
Before exceptional items		**(10,415)**	(10,208)
Other exceptional items	7	**(361)**	(47)
		(10,776)	(10,255)
Operating profit		**831**	529
Loss on disposal of property, plant and equipment	13	**(2)**	-
Finance costs	10	**(64)**	(6)
Profit before taxation		**765**	523
Taxation	11	**330**	162
Profit for the financial year	19	**1,095**	685

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 3 JANUARY 2017

	Note	**Year ended 3 January 2017 £'000**	Year ended 5 January 2016 £'000
Profit for the financial year	19	**1,095**	685
Property impairment	13	**(4,390)**	-
Taxation on components of other comprehensive income	19	**878**	-
Total comprehensive (expense)/ income for the year		**(2,417)**	685

A restatement of the Balance Sheet at 5 January 2016, explained in note 2 to the financial statements, has had no impact on the Statement of Other Comprehensive Income in either the current or prior year.

FIRST MOTORWAY SERVICES LIMITED

BALANCE SHEET
AS AT 3 JANUARY 2017

	Note	3 January 2017 £'000	Restated * 5 January 2016 £'000
Assets			
Non-current assets			
Intangible assets	12	**10**	17
Property, plant and equipment	13	**18,988**	24,011
		18,998	24,028
Current assets			
Inventories	14	**443**	345
Debtors - amounts falling due within one year	15	**1,179**	844
Cash at bank and in hand	16	**713**	1,242
		2,335	2,431
Total assets		**21,333**	26,459
Liabilities			
Current liabilities			
Creditors - amounts falling due within one year	17	**(14,704)**	(16,205)
Non-current liabilities			
Deferred tax liabilities	11	**(2,053)**	(3,261)
Total liabilities		**(16,757)**	(19,466)
Net assets		**4,576**	6,993
Equity			
Ordinary shares	18	**101**	101
Revaluation reserve	19	**3,154**	7,823
Retained earnings/ (losses)	19	**1,321**	(931)
Total equity		**4,576**	6,993

* Note 2

The financial statements on pages 9 to 25 were approved by the board of directors and authorised for issue on 1 June 2017 and were signed on its behalf.

J Muirhead
Director

Registered Number 3126731

The notes on pages 13 to 25 are an integral part of these financial statements.

FIRST MOTORWAY SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 3 JANUARY 2017

	Note	Ordinary shares £'000	Restated revaluation reserve * £'000	Restated retained earnings/ (losses) * £'000	Total equity £'000
At 7 January 2015		101	8,102	(1,895)	6,308
Profit for the financial year		-	-	685	685
Reserve transfer		-	(279)	279	-
At 5 January 2016		**101**	**7,823**	**(931)**	**6,993**
Profit for the financial year	19	-	-	1,095	1,095
Other comprehensive (expense)/ income	19	-	(4,390)	878	(3,512)
Reserve transfer	19	-	(279)	279	-
At 3 January 2017		**101**	**3,154**	**1,321**	**4,576**

* Note 2

1 Accounting policies

Basis of preparation
The financial statements have been prepared for the 52 week year ended 3 January 2017. The comparative period was the year ended 5 January 2016.

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").

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. In addition the Group has 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 assets of £4,576,000 (5 January 2016: £6,993,000). The directors are of the opinion that, having regard to the funding available from Roadchef Bidco Limited and other 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
Short leasehold improvements	Over the term of the lease

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

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

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

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, on a standard costing basis, and net realisable value. There is no inclusion of overheads in inventories.

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

Pensions
The amount charged to the income statement in respect of personal money purchase pension schemes is the contributions payable in the year. Differences between contributions payable in the year 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 assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

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

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 3 January 2017, have had a material impact on the Company.

2 Restatement

Amounts owed to group companies
Amounts owed to group companies, contractually repayable on demand but with no intention of settlement within twelve months, were disclosed incorrectly as at 5 January 2016 in respect of contractual maturity. As a result, there is a material restatement of the Balance Sheet in the Financial Statements for the year ended 5 January 2016.

Revaluation reserves
A change in the disclosure of reserves is explained in note 19.

There is no change in the Income Statement, Statement of Other Comprehensive Income or Statement of Changes in Equity as a result of these restatements. Furthermore, there is no impact on the net asset position of the Company as at 5 January 2016.

The effect of these restatements are given below.

	As previously stated 5 January 2016 £'000	**As restated 5 January 2016 £'000**	Restatement 5 January 2016 £'000
Balance Sheet			
Creditors - amounts falling due within one year			
Amounts owed to group companies	(6,482)	**(13,612)**	(7,130)
Creditors - amounts falling due in more than one year			
Amounts owed to group companies	(7,130)	**-**	7,130
Net assets	6,993	**6,993**	-
Equity			
Revaluation reserves	-	**7,823**	7,823
Retained earnings/ (losses)	6,892	**(931)**	(7,823)
Total equity	6,993	**6,993**	-

3 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 assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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.

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.

4 Revenue

	Year ended 3 January 2017 £'000	Year ended 5 January 2016 £'000
Sale of goods	**15,817**	14,902
Provision of services	**2,494**	1,943
	18,311	16,845

5 Cost of sales

Cost of sales includes:

	Year ended 3 January 2017 £'000	Year ended 5 January 2016 £'000
Costs of inventories recognised as an expense	**4,741**	4,889
Franchise fees	**976**	880
Consumables, disposables and distribution costs	**454**	415

6 Administrative expenses

Administrative expenses include:

	Year ended 3 January 2017 £'000	Year ended 5 January 2016 £'000
Depreciation of property, plant and equipment:		
- owned assets	1,070	901
- leased assets	732	725
Amortisation of intangible assets	7	6
Operating lease rentals:		
- land and buildings	114	70
- plant and machinery	41	34
Business rates	558	529
Repairs and maintenance	365	358
Utilities	440	466
IT costs	49	35
Employee benefit expenses (note 8)	5,144	4,301
Auditors' remuneration - audit of the financial statements	19	20

The Company's audit fee of £19,000 (5 January 2016: £20,000) was borne by Roadchef Limited, a fellow group company in the United Kingdom, and recharged to the Company.

7 Exceptional items

	Year ended 3 January 2017 £'000	Year ended 5 January 2016 £'000
Restructuring costs	-	6
Pre-opening expenses	103	31
Other	258	10
	361	47

Pre-opening expenses relate to costs associated with the opening of new units, which included the opening of a Days Inn at Sutton Scotney Southbound and the opening of a new format of McDonald's unit at Sutton Scotney Northbound.

Other costs include professional fees in relation to one off activites which do not form part of the Company's operational activities.

The tax impact of the above items has been to reduce the current tax charge by £72,000 (5 January 2016: £36,000).

8 Employee benefit expenses

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

	Year ended 3 January 2017 Number	Year ended 5 January 2016 Number
Operational	331	316
Management and administration	52	49
	383	365

Their payroll costs comprised:

	£'000	£'000
Wages and salaries	4,848	4,065
Social security costs	258	205
Other pension costs (note 20)	38	31
	5,144	4,301

9 Directors' remuneration

	Year ended 3 January 2017 £'000	Year ended 5 January 2016 £'000
Short-term employee benefits	250	231
Post-employment pension benefits	17	17
Number of directors accruing benefits under money purchase schemes	3	4
In respect of the highest paid director:		
Short-term employee benefits	108	101
Post-employment pension benefits	3	7

There were no directors (5 January 2016: none) who were members of a defined benefit pension scheme.

10 Finance costs

	Year ended 3 January 2017 £'000	Year ended 5 January 2016 £'000
Finance costs		
Finance costs of loans from another group company	39	-
Other interest	25	6
	64	6

11 Taxation

	Year ended 3 January 2017 £'000	Year ended 5 January 2016 £'000
Corporation tax		
Group relief payable	-	317
Net consideration for transfer pricing & World Wide Debt Cap ("WWDC")	-	116
Total current tax	-	433
Deferred tax		
Origination and reversal of timing differences	**(284)**	(294)
Adjustments in respect of prior periods	**5**	-
Effect of decreased tax rate on deferred tax balance	**(51)**	(301)
Total tax credited to income statement	**(330)**	(162)

Taxation through consolidated statement of other comprehensive income:	Year ended 3 January 2017 £'000	Year ended 5 January 2016 £'000
Deferred tax		
Deferred tax related to items recognised in other comprehensive income during the year:		
Property impairment	**(878)**	-

The total current tax charge is different to the standard rate of corporation tax in the United Kingdom of 20% (5 January 2016: 20.25%). The material differences are reconciled below:

	Year ended 3 January 2017 £'000	Year ended 5 January 2016 £'000
Profit before taxation	**765**	523
Profit before taxation multiplied by the UK tax rate of 20% (5 January 2016: 20.25%)	**153**	106
Transfer pricing and WWDC adjustments	**(114)**	(116)
Consideration for TP and WWDC adjustments	-	116
Adjustments in respect of prior periods	**5**	-
Effect of decreased tax rate on deferred tax balance	**(51)**	(301)
Depreciation charged on ineligible assets	**64**	24
Group relief claimed not paid for	**(387)**	-
Expenses not deductible for tax purposes	-	9
Total tax credit	**(330)**	(162)

The Company has claimed group relief relating to the current year from other group companies for £nil (5 January 2016: £317,000) consideration.

11 Taxation (continued)

Reconciliation of deferred taxes

	Balance sheet		Income statement	
	3 January 2017 £'000	5 January 2016 £'000	**Year ended 3 January 2017 £'000**	Year ended 5 January 2016 £'000
Property, plant and equipment	**(2,053)**	(3,261)	**330**	595
Deferred tax credit through income statement			**330**	595
Net deferred tax liability	**(2,053)**	(3,261)		
Reflected as:				
Deferred tax liabilities	**(2,053)**	(3,261)		
	(2,053)	(3,261)		

Movements in net deferred tax liability:	**3 January 2017 £'000**	5 January 2016 £'000
Net deferred tax liability		
Opening liability	**(3,261)**	(3,856)
Credit through income statement	**330**	595
Credit through other comprehensive income	**878**	-
Closing liability	**(2,053)**	(3,261)

The Company has chosen not to recognise a potential deferred tax asset of £41,000 in respect of brought forward tax losses (5 January 2016: £44,000) due to uncertainty over the recoverability of this asset.

Factors that may affect future tax charges

At the Balance Sheet date a rate of 17% (effective from 6 September 2016) had been substantively enacted, applicable for periods beginning 1 April 2020. The current corporation tax rate of 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.

12 Intangible assets

	Licences £'000
Cost	
At 6 January 2016 and 3 January 2017	33
Accumulated amortisation	
At 6 January 2016	16
Charge for year	7
At 3 January 2017	23
Net book value	
At 3 January 2017	10
At 5 January 2016	17

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				
	Long leasehold £'000	Short leasehold £'000	Short leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or deemed cost					
At 6 January 2016	7,969	12,206	786	6,954	27,915
Additions	-	-	-	1,171	1,171
Disposals	-	-	-	(164)	(164)
At 3 January 2017	7,969	12,206	786	7,961	28,922
Accumulated depreciation or impairment					
At 6 January 2016	338	863	518	2,185	3,904
Charge for year	169	433	9	1,191	1,802
Disposals	-	-	-	(162)	(162)
Impairment	-	4,390	-	-	4,390
At 3 January 2017	507	5,686	527	3,214	9,934
Net book value					
At 3 January 2017	**7,462**	**6,520**	**259**	**4,747**	**18,988**
At 5 January 2016	7,631	11,343	268	4,769	24,011

Fixtures, fittings and equipment includes assets with a cost of £972,000 (5 January 2016: £972,000) and net book value of £484,000 (5 January 2016: £603,000) 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 Cushman & Wakefield, as at 11 July 2016, 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 property, plant and equipment at 11 July 2016 was £23,020,000.

A review of individual site carrying values gave rise to an impairment in the year of £4,390,000 in respect of land and buildings (5 January 2016: £nil), all of which has been recognised in revaluation reserves. The recoverable amount of assets impaired in the year was £7,446,000 against a carrying value of £11,836,000.

At 3 January 2017, the Company had unprovided capital commitments of £191,000 (5 January 2016: £2,000).

14 Inventories

	3 January 2017 £'000	5 January 2016 £'000
Raw materials and consumables	**169**	108
Goods for resale	**274**	237
	443	345

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

15 Debtors - amounts falling due within one year

	3 January 2017 £'000	5 January 2016 £'000
Trade receivables	**216**	144
Amounts owed by intermediate parent company	**718**	509
Prepayments and accrued income	**245**	191
	1,179	844

Amounts owed by other group companies are non-interest bearing and have no fixed repayment date.

As at 3 January 2017, trade receivables of £6,000 (5 January 2016: £7,000) were past due. The ageing analysis of these receivables is as follows:

	3 January 2017 £'000	5 January 2016 £'000
Past due		
1-30 days	**4**	7
31-60 days	**1**	-
> 60 days	**1**	-
	6	7

There is no provision for impairment against trade receivables at 3 January 2017 (5 January 2016: £nil).

16 Cash at bank and in hand

	3 January 2017 £'000	5 January 2016 £'000
Cash at bank and in hand	**713**	1,242

17 Creditors - amounts falling due within one year

	3 January 2017 £'000	Restated 5 January 2016 £'000
Trade payables	**946**	1,338
Amounts owed to group companies (note 2)	**12,563**	13,612
Other taxes and social security	**550**	546
Other payables	**2**	3
Accruals	**643**	706
	14,704	16,205

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

18 Ordinary shares

	3 January 2017 £'000	5 January 2016 £'000
Authorised, issued and fully paid		
2 special ordinary shares of £1 each	-	-
100,000 ordinary share of £1 each	100	100
50,000 'B' ordinary shares of £0.01 each	1	1
	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.

19 Reserves

	Restated revaluation reserve £'000	Restated retained earnings/ (losses) £'000	Total £'000
At 6 January 2016	7,823	(931)	6,892
Profit for the financial year	-	1,095	1,095
Property impairment	(4,390)	-	(4,390)
Tax on components of other comprehensive income	-	878	878
Reserve transfer	(279)	279	-
At 3 January 2017	3,154	1,321	4,475

The Financial Statements for the year ended 5 January 2016 included an FRS 101 transition adjustment transferring revaluation reserve amounts into retained earnings following the Company's election to carry land and buildings under the historic cost model based upon deemed cost at the date of transition. After further consideration of the specific requirements of the Companies Act 2006 (S.I. 2008/410), it has been determined that revaluation reserve amounts should not have been transferred into retained earnings on transition to FRS 101. Revaluation reserve amounts have as such been separately disclosed for both the current and prior year.

20 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 year for these schemes amounted to £38,000 (5 January 2016: £31,000). An amount of £nil (5 January 2016: £nil) is owed to the pension schemes at the year end.

21 Financial commitments

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

	3 January 2017 £'000	5 January 2016 £'000
Expiry date:		
Within one year	120	110
Between one and five years	332	316
After more than five years	1,847	1,598
	2,299	2,024

22 Contingent liabilities

Along with other group companies, the Company has guaranteed the bank loans and overdrafts of certain fellow group companies. The aggregate amount outstanding as at 3 January 2017 was £195,883,000 (5 January 2016: £18,000,000). The directors consider the likelihood of any financial liability arising in respect of these to be remote.

23 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 Limited. Copies of both these financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

As at 3 January 2017, Antin Infrastructure Partners Luxembourg III S.a.r.l is considered to be the ultimate controlling party, a company registered in Luxembourg.