REGISTERED NUMBER 03126731

FIRST MOTORWAY SERVICES LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 1 JANUARY 2023

FIRST MOTORWAY SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	M Fox L Bunn R Tindale J Muirhead D Wade R Morris P Cossar
SECRETARY	M Hedditch
REGISTERED OFFICE	Roadchef House Norton Canes MSA Betty's Lane Norton Canes Cannock Staffordshire WS11 9UX
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX

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The directors present their Strategic Report for the year ended 1 January 2023. The comparative period was the 53 week period ended 2 January 2022.

Review of the business

Principal activities
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 1 January 2023. 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 £2,643,000 (2 January 2022: £2,015,000) and a profit before taxation of £2,353,000 (2 January 2022: £1,866,000). The Company has incurred significantly higher utility costs in the year, as a result of increases in wholesale energy prices. The Company achieved an operating profit of £3,744,000 (2 January 2022: £2,682,000), stated before utility costs.

The Company has net assets of £9,437,000 (2 January 2022 £7,118,000) and net current liabilities of £10,866,000 (2 January 2022: £11,607,000).

Change in ownership
On 17 March 2022, 100% of the voting equity shares of Roadchef Topco Limited, an intermediate parent company, were acquired by MEIF 6 Range Bidco Limited. As a result, on 17 March 2022 the ultimate controlling party of the Company changed from Antin Infrastructure Partners Luxembourg III S.a.r.l to Macquarie European Infrastructure Fund 6 SCSp. Macquarie European Infrastructure Fund 6 SCSp is managed by the asset management arm of Macquarie Group Limited.

Business environment and strategy
The following narrative relates to the underlying trade of the group headed by MEIF 6 Range Holdings Limited ("the Group") which the directors consider to be the primary drivers of the business.

The UK Motorway Service Area market consists of three major operators and several smaller operators. The Group operates roadside service areas at 30 key locations across the UK. The Group's sites are located at strategic positions on the UK motorway network.

There were over 47 million visitors to the Group's amenity services in the year, in addition to the 2 million customers served through the Group's Drive Thru offerings, and approximately 74% of these visits resulted in the visitor being converted to a customer.

The Group's business strategies are as follows:

- To deliver the service experience as efficiently and effectively as possible;
- To utilise technology to improve convenience, speed of service, customer self control and productivity;
- To provide brands and services that appeal to customers and evolve with their changing needs;
- To manage the Group's reputation and service experience to be one of the top service area operators;
- To closely manage performance indicators and adjust control measures accordingly; and
- To be 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.

Management has been committed to increasing the variety of offerings to its customers with new catering outlets, as well as enhancing the quality of experience for customers through the refurbishment of existing outlets. Alongside this, management have invested in enhancing the general amenity building space and facilities throughout the estate.

During the year, the Group opened a McDonald's Drive Thru unit and a new Leon unit. Leon has an emphasis on bringing customers good tasting, healthy fast food and adds an exciting diversity to the Group's portfolio of catering outlets.

The Group has also invested in the refurbishment and modernisation of existing units, including a refurbishment of Costa Coffee at Annandale.

Management continue to assess the suitability and success of the Group's catering and retail offerings and will look to make further investment in the year ahead.

EV charging
The demand for high powered, readily accessible EV charging infrastructure is expanding at a significant pace and this trend will intensify as low and zero emission vehicles replace conventional petrol and diesel vehicles on the UK road network. The Government's 'Net Zero Strategy: Build Back Greener' policy underpins this movement, with a ban on the sale of new petrol and diesel cars from 2030.

The Group plans to invest significantly in this sector over the next several years, starting with a multi million pound roll out of high powered 350kW fast chargers across eleven of the Group's sites in 2023.

It is anticipated that the Group will have at least 300 charging bays by the end of 2025, expanding to over 1,000 by 2030.

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 first 52 weeks of each period):

	1 January 2023	2 January 2022	Definition, method of calculation and analysis
Growth in amenity building sales (%)	**28.8%**	57.9%	Year-on-year sales growth, including Drive Thru, expressed as a percentage. The increase reflects the Company's recovery from a comparative period that was significantly impacted by the coronavirus pandemic.
Gross margin in the amenity building (%)	**57.5%**	61.1%	The amenity building gross margin is the ratio of gross profit to sales expressed as a percentage. There has been significant margin pressure across the year with cost price inflation particularly in catering supplies.
Amenity building transactions (m)	**3.2**	2.4	This is the actual number of transactions recorded in the Company's retail and catering outlets. The increase reflects the Company's recovery from a comparative period that was significantly impacted by the coronavirus pandemic.
Spend per transaction (£)	**£6.38**	£6.67	This is the sale of goods divided by the number of transactions. The average spend per transaction has decreased from the prior period as the reduced rate of VAT rate for hospitality came to an end during the year.

Principal risks and uncertainties

Competition: There are significant barriers to entry for the construction of new motorway service areas, resulting in a low level of competition risk. Management actively monitor planning applications for motorway service areas on the UK network and do not currently envisage any material increase to the number of competitor sites.

Health and safety: The Company has a responsibility to manage the well being for customers, employees and other visitors across its premises. Management of the associated risk of accidents is a key priority for the Company, and a Health, Safety & People Committee is in place to proactively govern this.

Energy pricing: The financial impact from volatility in energy prices present a financial risk to the Company. Utility costs have increased by 71% from the prior period, and the market conditions are expected to result in at least a 50% year-on-year increase for the year ahead. Management monitor energy pricing closely and seek to adopt an optimum buying strategy with assistance of an energy broker. Management also seek to enhance energy efficiency across the Company's operations by replacing end of use assets with more energy efficient equivalents.

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 £659,000 (2 January 2022: £436,000), 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.

Principal risks and uncertainties (continued)

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 long term 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 Company. The Company does not have a complex capital structure and the directors do not anticipate any changes to capital in the foreseeable future.

Section 172 statement
A description of how the Board have given regard to matters set out in section 172(1)(a) to (f) of the Companies Act 2006 whilst performing their duties is given in the Directors Report.

On behalf of the board

James Muirhead

J Muirhead
Director

Date: 18 July 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 1 JANUARY 2023

The directors present their report and the audited financial statements for the year ended 1 January 2023.

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

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

M Fox
L Bunn
R Tindale
J Muirhead
D Wade
R Morris (appointed 23 May 2023)
P Cossar (appointed 23 May 2023)

Results and dividends
The results for the year are set out on page 11. The directors do not recommend the payment of a dividend (2 January 2022: £nil).

Future developments
The principal activities, organisational structure and debt structure of the Company are not anticipated to change in the foreseeable future.

Corporate Governance

Section 172
The Board recognises that good governance helps the business implement its strategy, protect shareholder value and minimise risk and are committed to maintaining high standards of corporate governance. The Board's corporate governance is part of the overall governance framework of the Company and is directed in a manner which is responsible and in accordance with high standards of honesty, transparency, and accountability, whilst having regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, acting in good faith whilst promoting the success of the Company.

Stakeholder involvement
Engagement with shareholders
Regular and transparent interaction is promoted with shareholders. The Company's board of directors includes representatives from the Group's principal and majority shareholder. The Board meets eleven times per year to approve significant business decisions and discuss the performance and strategic direction of the Group, including matters relevant to the Company as they arise. Relevant business decisions and other topics of discussion with shareholders include:

- Health and safety;
- Remuneration policy;
- Board composition and other key appointments;
- Investment appraisals;
- Significant supplier agreements;
- Tax strategy;
- Significant business risks and opportunities; and
- Any other significant matters that may arise.

In addition to these meetings, sub-committees for Strategy & ESG, Health, Safety & People, and Audit & Risk meet at regular intervals throughout each year.

The Board also maintains a long-term business plan which is updated and shared with the Company's shareholders on a quarterly basis, providing a regular update on the long-term financial wellbeing of the Company.

Engagement with employees
The Board places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. Employees, or their representatives, are consulted on a regular basis through a series of Joint Consultative Committees from site level to Support Office so that the views of employees can be considered in making decisions that are likely to affect their interests. The Chief Executive Officer also monitors an email address named "Tell Mark" which is promoted to all employees and enables them to raise ideas or concerns directly with him at any time. The Board makes use of an at least annual employee engagement survey to collect the views and opinions of its employees. The Board also encourages all levels of staff to fulfil their own potential and offers internal training, secondment and promotion opportunities to enable this. The Company 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 and also participates in the Best Companies survey enabling employees to provide feedback directly to Best Companies which provides a rating of the Company's performance relative to other similar scale organisations in the UK. During 2022, the Company has been placed seventh on the overall national list with Best Companies, for the best big companies to work for in the UK, and placed fourth for the best companies to work for in the leisure and hospitality industry.

Engagement with customers
The Company actively encourages feedback from customers through its "Tell Roadchef" programme which enables customers to provide immediate feedback on their experience. The Company's Reputation.com system collates customer feedback from Tell Roadchef, social media, online reviews and other sources meaning customers have a wide choice of channels through which to communicate and the Company receives near real time feedback. This ensures that issues can be quickly rectified and outstanding service from team members can be recognised promptly. The Board also works closely with brand partners to ensure the Company fully utilises their branded feedback systems, ensuring the Company maintains consistent standards of service, quality and customer satisfaction across its branded outlets.

Stakeholder involvement (continued)

Engagement with other stakeholders

Other stakeholders groups primarily include suppliers, lenders and charity partners, as well as transport infrastructure bodies, key trade bodies and others. The Board has in place key relationship partners from its management team to offer timely and responsive interaction whenever which ensures that these stakeholders are kept informed of all significant business decisions that may affect them and are able to raise ideas and concerns with ease.

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.

Streamlined Energy & Carbon Reporting

The Company is committed to ensuring the business operates in a sustainable way, minimising the environmental impact of the business and pioneering new and innovative ways of supporting this.

The Group has taken measures in recent years to reduce its greenhouse gas emissions, such as introducing solar panels to most of its sites, providing green power to the business. This alone has reduced carbon emissions by 480 tonnes per year. Other measures taken during the year to reduce the group's carbon impact include the installation of more energy efficient LED lighting for internal, external and signage, replacing the less efficient fluorescent style lighting, as well as replacing end of use assets with a more energy efficient equivalent, such as air handling units & hot water boilers. The Group also ensures that 100% of electricity purchased is from renewable sources.

The Group has also been involved in a number schemes to divert the companies waste away from landfill, for which the group has recently achieved zero waste to landfill status.

Details of energy consumption and emissions for the Company are given below:

	Year ended 1 January 2023	Period ended 2 January 2022
	kWh	kWh
Energy consumption used to calculate emissions:	**5,268,872**	4,923,839
Energy consumption break down (kWh)		
Gas	417,507	459,414
Electricity	4,716,524	4,337,972
Transport Fuel	134,841	126,453

	Year ended 1 January 2023 Tonnes of C02 equivalent	Period ended 2 January 2022 Tonnes of C02 equivalent
Emissions from combustion of gas (Scope 1)	82	90
Emissions from purchased electricity (Scope 2)	912	921
Emissions from business travel where company is responsible for the purchasing of fuel (Scope 3)	37	35
Total gross emissions in metric tonnes CO2e	1,031	1,046
Intensity ratio: tonnes of C02e per £m of sales	**41.7**	54.5
Intensity ratio: tonnes of C02e per employee	**2.6**	3.2

Prepared following the 2019 HM Government Environmental Reporting Guidelines and using the 2022 & 2021 UK Government's Conversion Factors for Company Reporting.

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, 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 aims to maintain sufficient available cash at any point to manage its day-to-day working capital requirements. In addition, the Group has leases and parent company debt which it uses to finance the Group's activities. On 7 April 2022 the Group refinanced its bank borrowings. New bank borrowings of £270.0m have been obtained by a group company, which are secured over the assets of the Group and are repayable in 2027. The Company is party to the Group arrangements and a recipient of the on-lending of these borrowings.

The Company has net assets of £9,437,000 (2 January 2022 £7,118,000) and net current liabilities of £10,866,000 (2 January 2022: £11,607,000). The Company has received written confirmation of support from an intermediate parent company, confirming that they will only require repayment of intercompany balances to the extent that there are funds within the Company to settle this and continue on a going concern basis. The directors are of the opinion that, having regard to the funding available from 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.

Financial risk management policies
Financial risk management policies are discussed in the Strategic Report.

Directors' liability insurance and indemnity
Roadchef Topco Limited, a parent company in the UK, has granted an indemnity to the Company's directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in place throughout the period and remains the same as at the date of approving the Directors' Report.

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

On behalf of the board

James Muirhead

J Muirhead
Director

Date: 18 July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 1 JANUARY 2023

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Reports and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

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

On behalf of the board

James Muirhead

J Muirhead
Director

Date: 18 July 2023

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 1 January 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Reports and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 1 January 2023; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 1 January 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims and any instances of non-compliance with laws and regulations, and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Testing journals posted to revenue and expenses that have unusual account combinations, in particular those which manipulate revenue and EBITDA;
- Challenging and auditing the significant estimates and judgements made by management given the potential risk of management bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

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

- Auditing the risk of fraud in revenue recognition by using our data analysis tools to identify unusual credits to revenue for further investigation;
- Performing unpredictable audit procedures, which are changed year on year; and
- Understanding of management's internal controls designed to prevent and detect irregularities.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Sarah O'Donnell

Sarah O'Donnell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
18 July 2023

INCOME STATEMENT
FOR THE YEAR ENDED 1 JANUARY 2023

	Note	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Revenue	3	**24,746**	19,197
Cost of sales		**(9,403)**	(6,793)
Gross profit		**15,343**	12,404
Administrative expenses:			
Before exceptional items		**(12,637)**	(10,556)
Other exceptional items	6	**(98)**	(143)
		(12,735)	(10,699)
Other operating income - government grants	7	**35**	310
Operating profit		**2,643**	2,015
Loss on disposal of property, plant and equipment	15	**(32)**	(44)
Finance income	10	**-**	24
Finance costs	11	**(51)**	(129)
Exceptional finance costs	12	**(207)**	-
Profit before taxation		**2,353**	1,866
Taxation	13	**(40)**	(577)
Profit for the financial period	22	**2,313**	1,289

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

The Company has no recognised gains and losses other than the results above and therefore no separate statement of comprehensive income has been presented.

FIRST MOTORWAY SERVICES LIMITED

BALANCE SHEET
AS AT 1 JANUARY 2023

	Note	1 January 2023 £'000	2 January 2022 £'000
Assets			
Non-current assets			
Intangible assets	14	**9**	11
Property, plant and equipment	15	**23,285**	21,663
		23,294	21,674
Current assets			
Inventories	16	**356**	340
Debtors - amounts falling due within one year	17	**6,652**	3,476
Cash at bank and in hand	18	**3,312**	2,841
		10,320	6,657
Total assets		**33,614**	28,331
Liabilities			
Current liabilities			
Creditors - amounts falling due within one year	19	**(21,179)**	(18,246)
Leases	20	**(7)**	(18)
		(21,186)	(18,264)
Non-current liabilities			
Leases	20	**(252)**	(250)
Deferred tax liabilities	13	**(2,739)**	(2,699)
		(2,991)	(2,949)
Total liabilities		**(24,177)**	(21,213)
Net assets		**9,437**	7,118
Equity			
Called up share capital	21	**101**	101
Revaluation reserve	22	**808**	843
Retained earnings	22	**8,528**	6,174
Total equity		**9,437**	7,118

The financial statements on pages 11 to 27 were approved by the board of directors and authorised for issue on 18 July 2023 and were signed on its behalf.

James Muirhead

J Muirhead
Director

Registered Number 03126731

The notes on pages 14 to 27 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 1 JANUARY 2023

	Note	Called up share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 28 December 2020		101	879	4,849	5,829
Profit for the financial period		-	-	1,289	1,289
Reserve transfer		-	(36)	36	-
At 2 January 2022		101	843	6,174	7,118
Profit for the financial year	22	-	-	2,313	2,313
Share based payment - capital contribution	22	-	-	6	6
Reserve transfer	22	-	(35)	35	-
At 1 January 2023		101	808	8,528	9,437

1 Accounting policies

First Motorway Services Limited is a private company limited by shares that is incorporated and domiciled in the United Kingdom. The address of its registered office is Roadchef House, Norton Canes MSA, Betty's Lane, Norton Canes, Cannock, Staffordshire, WS11 9UX, England.

Basis of preparation
The financial statements have been prepared for the year ended 1 January 2023. The comparative period was the 53 week period ended 2 January 2022.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standards 101 'Reduced Disclosure Framework' (FRS 101). Accounting policies have been applied consistently, other than where new policies have been adopted.

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

(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

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

(h) The requirements of paragraphs 45(b) and 46 to 52 of IFRS2 *Share-based Payment*;

(i) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement; and*

(j) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*.

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, 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 aims to maintain sufficient available cash at any point to manage its day-to-day working capital requirements. In addition, the Group has leases and parent company debt which it uses to finance the Group's activities. On 7 April 2022 the Group refinanced its bank borrowings. New bank borrowings of £270.0m have been obtained by a group company, which are secured over the assets of the Group and are repayable in 2027. The Company is party to the Group arrangements and a recipient of the on-lending of these borrowings.

The Company has net assets of £9,437,000 (2 January 2022 £7,118,000) and net current liabilities of £10,866,000 (2 January 2022: £11,607,000). The Company has received written confirmation of support from an intermediate parent company, confirming that they will only require repayment of intercompany balances to the extent that there are funds within the Company to settle this and continue on a going concern basis. The directors are of the opinion that, having regard to the funding available from 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.

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

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:

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

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

Property, plant and equipment

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

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

Plant and machinery, fixtures and fittings and computer equipment are all included within 'Fixtures, fittings and equipment' in note 15 and are written off over their expected useful lives on a straight line basis as follows:

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

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

Impairment of non-financial assets
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. Impairment is calculated subject to an expected credit loss model. Disclosures relating to the impairment of financial assets are given in the Strategic report.

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.

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.

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the year necessary to match them with the costs that they are intended to compensate.

1 Accounting policies (continued)

Amounts owed by group companies
Amounts owed by group companies are initially recognised at fair value and subsequently measured at this value less loss allowances, calculated using the three stage IFRS 9 model.

Leased assets: Lessee
Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• fixed payments, less any lease incentives receivable;

• variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

• amounts expected to be payable by the group under residual value guarantees;

• the exercise price of a purchase option if the group is reasonably certain to exercise that option; and

• payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

• the amount of the initial measurement of lease liability;

• any lease payments made at or before the commencement date less any lease incentives received;

• any initial direct costs; and

• restoration costs.

Right-of-use assets are presented within property, plant and equipment.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Variable lease payments that depend on sales are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

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 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
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 year or recognised in profit or loss.

Share-based payments
The Company operates an equity-settled management incentive programme, under which the Company receives the services from certain employees as consideration for equity instruments (share options) of MEIF 6 Range Holdings Limited. The awards are granted by MEIF 6 Range Holdings Limited and the Company has no obligation to settle the awards.

The fair value of the awards are calculated at the grant date using a Black-Scholes model. The resulting cost is recognised in the Income Statement, as an employee benefit expense, over the vesting period of the award, together with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of options that are expected to vest based on non-market vesting conditions. The Company recognises the impact of any revision to original estimates in the Income Statement, with a corresponding adjustment to equity.

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 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.

Estimates

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the 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.

Judgements

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

Further details on taxes are disclosed in note 13.

3 Revenue

	Year ended 1 January 2023	Period ended 2 January 2022
	£'000	£'000
Sale of goods	**20,436**	16,210
Provision of services	**4,310**	2,987
	24,746	19,197

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

The balance of contract assets and liabilities at 1 January 2023 is £nil (2 January 2022: £nil).

There are no outstanding performance obligations associated with contracts with customers at 1 January 2023 (2 January 2022: none).

4 Cost of sales

Cost of sales includes:

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Costs of inventories recognised as an expense	**6,827**	4,887
Franchise fees	**1,245**	951
Consumables, disposables and distribution costs	**806**	560

5 Administrative expenses

Administrative expenses include:

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Depreciation of property, plant and equipment (note 15):		
- owned assets	**1,436**	1,492
- leased assets	**523**	519
Amortisation of intangible assets (note 14)	**6**	6
Repairs and maintenance	**575**	394
Utilities	**1,101**	667
Business rates	**402**	351
Employee benefit expenses (note 8)	**6,227**	5,154
Share-based payment expense (note 24)	**6**	-
Auditors' remuneration - audit of the financial statements	**41**	32

The Company's audit fee of £41,000 (2 January 2022: £32,000) was borne by Roadchef Limited, a fellow group company in the United Kingdom, and recharged to the Company.

There were no fees payable by the Company in the year to the Company's auditors, other than the statutory audit of the Company (2 January 2022: none).

6 Other exceptional items

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Restructuring costs	**-**	23
Sale related staff costs	**76**	-
Pre-opening expenses	**20**	-
Dilapidation expenses	**-**	103
Other	**2**	17
	98	143

Restructuring costs in the prior period related to costs following an internal reorganisation.

Sale related staff costs in the year are one-off employee costs incurred in relation to the change of ownership of the Company, including transaction driven one-off remuneration amounts.

Pre-opening expenses relate to non-capital costs associated with the refurbishment of existing units and opening of new units. This has included costs associated with a Costa refurbisment in the year.

Dilapidation expenses in the prior period related to one-off repair costs as required under the terms of one the Companies leasehold properties.

Other costs relate to costs incurred as part of the Company's response to the coronavirus pandemic, including personal protective equipment for employees and enhanced health and safety measures for customers.

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

The tax impact of the above items has been to reduce the current tax charge by £19,000 (2 January 2022: £27,000).

7 Other operating income - government grants

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Coronavirus Job Retention Scheme	-	310
Omicron Support Grant	35	-
	35	310

The Company has received grants of £35,000 (2 January 2022: £nil) issued as support for hospitality businesses during the coronavirus pandemic. In the prior period the Company participated in the 'Coronavirus Job Retention Scheme', a Government initiative to support businesses throughout the coronavirus pandemic via a grant to cover a portion of employees wages, which ran until June 2021. There are no unfulfilled conditions or other contingencies attached to these grants.

The Company also had Government assistance in the prior period via the business rates Expanded Retail Discount, which offered business rates discounts for retail, hospitality and leisure businesses. No grant income was received in relation to this, however the Company benefitted from discounts against certain business rates charges which would otherwise have been charged through administrative expenses. Amounts discounted in the period which would have otherwise been charged through administrative expenses in the period total £265,000 (2 January 2022: £324,000).

8 Employee benefit expenses

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

	Year ended 1 January 2023 Number	Period ended 2 January 2022 Number
Operational	350	292
Management and administration	44	36
	394	328

Payroll costs comprise:

	£'000	£'000
Wages and salaries	5,797	4,811
Social security costs	354	269
Other pension costs (note 23)	76	74
	6,227	5,154
Share-based payment expense (note 24)	6	-

Employee numbers and costs included in the above include certain employees whose contracts of employment are held with other group companies and recharged to this entity.

9 Directors' remuneration

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Short-term employee benefits	835	235
Post-employment pension benefits	6	5

	£'000	£'000
In respect of the highest paid director:		
Short-term employee benefits	272	61
Post-employment pension benefits	1	1

There were four directors (2 January 2022: four) accruing benefits under money purchase pension schemes in the period.

There were no directors (2 January 2022: none) who were members of a defined benefit pension scheme.

10 Finance income

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Other interest receivable	-	24

11 Finance costs

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Finance costs of loans from other group companies	28	106
Finance costs payable under leases	21	21
Other interest	2	2
	51	129

12 Exceptional finance costs

Exceptional finance costs of £207,000 (2 January 2022: £nil) were recharged to the Company in the year following the refinancing of bank loans held by fellow group companies.

13 Taxation

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Corporation tax		
Current tax on profit for the period	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	4	78
Adjustments in respect of prior periods	35	(130)
Effect of changes in tax rates on deferred tax balance	1	629
Total tax charged to income statement	40	577

The total tax charge is different to the standard rate of corporation tax in the United Kingdom of 19.0% (2 January 2022: 19.0%). The material

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Profit before taxation	2,353	1,866
Profit before taxation multiplied by the UK tax rate of 19.0%	447	355
Adjustments in respect of prior periods	35	(130)
Effect of changes in tax rates on deferred tax balance	- 1	629
Group relief claimed not paid for	(501)	(403)
Expenses not deductible for tax purposes	58	126
Total tax charged to income statement	40	577

13 Taxation (continued)

Reconciliation of deferred taxes

	Balance sheet		Income statement	
	1 January 2023 £'000	2 January 2022 £'000	**Year ended 1 January 2023 £'000**	Period ended 2 January 2022 £'000
Property, plant and equipment	**(2,739)**	(2,699)	**(40)**	(575)
Tax losses	**-**	-	**-**	(2)
Deferred tax charge through income statement			**(40)**	(577)
Net deferred tax liability	**(2,739)**	(2,699)		
Reflected as:				
Deferred tax liabilities	**(2,739)**	(2,699)		
	(2,739)	(2,699)		

Movements in net deferred tax liability:	**1 January 2023 £'000**	2 January 2022 £'000
Net deferred tax liability		
Opening liability	**(2,699)**	(2,122)
Charge through income statement	**(40)**	(577)
Closing liability	**(2,739)**	(2,699)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This was substantively enacted on 24 May 2021. Deferred tax balances have been calculated with reference to the tax rate which is most likely to be applicable when amounts are reversed.

14 Intangible assets

	Computer Software £'000	**Licences and agreements £'000**	**Total £'000**
Cost			
At 3 January 2022	25	4	29
Additions	4	-	4
At 1 January 2023	**29**	**4**	**33**
Accumulated amortisation			
At 3 January 2022	15	3	18
Charge for year	5	1	6
At 1 January 2023	**20**	**4**	**24**
Net book value			
At 1 January 2023	**9**	**-**	**9**
At 2 January 2022	10	1	11

15 Property, plant and equipment

	Land and buildings			Fixtures, fittings and equipment	Total
	Freehold	Long leasehold	Short leasehold		
	£'000	£'000	£'000	£'000	£'000
Cost or deemed cost					
At 3 January 2022	3,627	8,939	12,767	14,122	39,455
Additions	-	-	53	3,560	3,613
Disposals	-	-	(4)	(806)	(810)
At 1 January 2023	**3,627**	**8,939**	**12,816**	**16,876**	**42,258**
Accumulated depreciation					
At 3 January 2022	774	1,422	6,030	9,566	17,792
Charge for year	51	188	325	1,395	1,959
Disposals	-	-	-	(778)	(778)
At 1 January 2023	**825**	**1,610**	**6,355**	**10,183**	**18,973**
Net book value					
At 1 January 2023	**2,802**	**7,329**	**6,461**	**6,693**	**23,285**
At 2 January 2022	2,853	7,517	6,737	4,556	21,663

At 1 January 2023, the Company had unprovided capital commitments of £414,000 (2 January 2022: £nil).

Property, plant and equipment includes right-of-use assets as follows:

	1 January 2023 £'000	2 January 2022 £'000
Net book value		
Leasehold land and buildings	**13,790**	14,254
Equipment	**131**	130
	13,921	14,384

	1 January 2023 £'000	2 January 2022 £'000
Depreciation charge for the year		
Leasehold land and buildings	**513**	512
Equipment	**10**	7
	523	519

Additions to right-of-use assets during the year were £63,000 (2 January 2022: £nil)

Property, plant and equipment was professionally valued by external valuers Cushman & Wakefield, as at 17 March 2022, on an open market for existing use basis, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation manual, and based upon a multiple of projected future earnings before interest, taxation, depreciation and amortisation ("EBITDA"). The recoverable amount calculated falls into level 3 of the fair value hierarchy. The market value of property, plant and equipment at 17 March 2022 was £55,550,000.

16 Inventories

	1 January 2023 £'000	2 January 2022 £'000
Raw materials and consumables	32	33
Goods for resale	324	307
	356	340

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

17 Debtors - amounts falling due within one year

	1 January 2023 £'000	2 January 2022 £'000
Trade receivables	659	436
Amounts owed by group companies	5,853	2,625
Other receivables	-	2
Prepayments and accrued income	140	413
	6,652	3,476

As at 1 January 2023, trade receivables of £3,000 (2 January 2022: £96,000) were past due. The ageing analysis of these receivables is as follows:

	1 January 2023 £'000	2 January 2022 £'000
Past due		
1-30 days	3	94
31-60 days	-	2
	3	96

There is no provision for impairment against trade receivables at 1 January 2023 (2 January 2022: £nil). Based upon historical experience in collecting from past due receivables, along with an assessment of individual customers abilities to make payments, the Company believes that the allowance for doubtful receivables is sufficient to cover the risk of default.

Amounts owed by other group companies are non-interest bearing and contractually repayable on demand. The likelihood of default on amounts owed by other group companies has been considered with no provision required at 1 January 2023 (2 January 2022: £nil).

18 Cash at bank and in hand

	1 January 2023 £'000	2 January 2022 £'000
Cash at bank and in hand	3,312	2,841

19 Creditors - amounts falling due within one year

	1 January 2023 £'000	2 January 2022 £'000
Trade payables	2,136	626
Amounts owed to group companies	16,853	15,569
Other taxes and social security	668	537
Other payables	7	10
Accruals	1,515	1,504
	21,179	18,246

Amounts owed to group companies at 1 January 2023 are unsecured, non-interest bearing and contractually repayable on demand.

20 Leases

	1 January 2023 £'000	2 January 2022 £'000
Lease liabilities		
Current	7	18
Non-current	252	250
	259	268

	1 January 2023 £'000	2 January 2022 £'000
Lease liabilities maturity:		
Repayable in more than one year but not more than five years	25	20
Repayable in more than five years	227	230
	252	250
Repayable in one year or less	7	18
	259	268

Interest expenses for the year of £21,000 (2 January 2022: £21,000) have been charged to finance costs in relation to leases.

Variable lease payments that depend on sales of £32,000 (2 January 2022: £48,000) have been charged to administrative expenses and are not included in the measurement of lease liabilities.

21 Called up share capital

	1 January 2023 £'000	2 January 2022 £'000
Authorised, issued and fully paid		
2 (2 January 2022: 2) special ordinary shares of £1 each	-	-
100,000 (2 January 2022: 100,000) ordinary shares of £1 each	100	100
50,000 (2 January 2022: 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.

22 Reserves

	Revaluation reserve £'000	Retained earnings £'000	Total £'000
At 3 January 2022	843	6,174	7,017
Profit for the financial year	-	2,313	2,313
Share based payment - capital contribution	-	6	6
Reserve transfer	(35)	35	-
At 1 January 2023	808	8,528	9,336

Reserve transfer between the revaluation reserve and retained earnings is in respect of excess depreciation that has been charged in against revalued assets.

23 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 £76,000 (2 January 2022: £74,000). An amount of £nil (2 January 2022: £nil) is owed to the pension schemes at the year end.

24 Share-based payments

Management incentive plan ("MiP")

Certain senior managers of the Company have been granted shares in an intermediate parent company, MEIF 6 Range Holdings Limited, for an issue price of £1.00 per share (the "Awards"), under a MIP. The Awards are structured to deliver a return to each employee shareholder on a future sale of the Group ("exit event") or share repurchase event ("synthetic exit event"), whichever is sooner, and then only if the achieved value or market value of the Group exceeds a hurdle level. The Company receives services from employee shareholders over the vesting period of the Awards, with the return generated for each employee shareholder being linked to their ongoing employment in the Company.

A synthetic exit event provides employees with a cash alternative, which would be settled by MEIF 6 Range Holdings Limited, without being recharged to the Company. As such the Awards are equity instruments classified as equity-settled share-based payment transactions.

The fair value of the Awards are calculated at the relevant grant date using a Black-Scholes model. The resulting cost is recognised in the Income Statement, as an employee benefit expense, over the vesting period of the award, together with a corresponding increase in equity for the Company, as a capital contribution.

The movements in the number Awards under the MiP during the period were:

	1 January 2023 Number of Awards	2 January 2022 Number of Awards
Awards at beginning of period	-	-
Awards granted in the period	5,400	-
Awards at end of period	5,400	-

The weighted average share price for awards granted in the period was £9.51 per share.

	1 January 2023 £'000	2 January 2022 £'000
Fair value of Awards recognised at beginning of period	-	-
Fair value expense of Awards for the period	6	-
Fair value of Awards recognised at end of period	6	-
Total fair value of Awards at grant date, net of price paid, to be recognised over the expected vesting period	46	-

No share options were outstanding at the end of the period (2 January 2022: none).

25 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 1 January 2023 was £270,000,000 (2 January 2022: £256,508,000). The directors consider the likelihood of any financial liability arising in respect of these to be remote.

The Company makes contingent rent payments as disclosed in note 20.

26 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 MEIF 6 Range Holdings Limited, the smallest is Roadchef Limited, companies registered in England and Wales. Copies of both these financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

As at 1 January 2023, Macquarie European Infrastructure Fund 6 SCSp is considered to be the ultimate controlling party, a company registered in Luxembourg. Macquarie European Infrastructure Fund 6 SCSp is managed by the asset management arm of Macquarie Group Limited, a company registered in Australia.