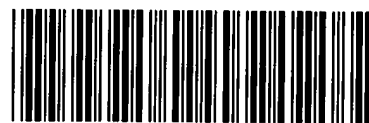


REGISTERED NUMBER 03126731

FIRST MOTORWAY SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2020

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COMPANIES HOUSE

FIRST MOTORWAY SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

M Fox
I McKay
R Tindale
J Muirhead
D Wade

SECRETARY

M Hedditch

REGISTERED OFFICE

Roadchef House
Norton Canes MSA
Betty's Lane
Norton Canes
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Staffordshire
WS11 9UX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

FIRST MOTORWAY SERVICES LIMITED

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FIRST MOTORWAY SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 27 DECEMBER 2020

The directors present their Strategic Report for the year ended 27 December 2020. The comparative period was the year ended 29 December 2019.

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 27 December 2020. 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 loss of £1,648,000 (29 December 2019: operating profit of £1,452,000) and a loss before taxation of £1,886,000 (29 December 2019: profit before taxation £992,000). The results for the year reflect the significant impact that the coronavirus pandemic has had on the Company.

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. 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.

In ordinary circumstances, there are approximately 50 million visits to the Group's sites in a year and 77% of these visits result in the visitor being converted to a customer. Recent investment in the catering offering at key sites has proven to improve the level of conversion.

The Group's business strategies are as follows:

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

Investing in brands and services aligned to customer wants

Management believes that the consistency and quality offered by well-known high street brands drives sales growth.

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

Management's drive to add variety and choice of quality brands for customers has been at the forefront of efforts in recent years, and management were delighted to introduce the first Leon on the UK's motorway network at Strensham Southbound in 2017, which has been followed by several more since including two units in 2020. 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.

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

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

	27 December 2020	29 December 2019	Definition, method of calculation and analysis
Growth in amenity building sales (%)	(44.7)%	6.6%	Year-on-year sales growth, including Drive Thru, expressed as a percentage. The 2020 decline follows the significant short-term impact of the coronavirus pandemic on the business.
Gross margin in the amenity building (%)	59.3%	59.6%	The amenity building gross margin is the ratio of gross profit to sales expressed as a percentage. Given the challenges posed to trading this year, the gross margin is judged to be at a good level.
Amenity building transactions (m)	1.7	3.4	This is the actual number of transactions recorded in the Company's retail and catering outlets. The 2020 decline follows the significant short-term impact of the coronavirus pandemic on the business.
Spend per transaction (£)	£5.94	£5.31	This is the sale of goods (as given in note 4) divided by the number of transactions. The average spend per transaction has increased during the year, helped in part by the temporary 5% VAT rate for hospitality.

FIRST MOTORWAY SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 27 DECEMBER 2020

Principal risks and uncertainties

Coronavirus pandemic

The Group has historically generated positive cash flow with consistently strong revenue growth year-on-year.

The emergence of the global coronavirus pandemic had a serious, short-term impact on the Group's performance.

Following the UK Government's imposition of lockdown in March 2020, the business was granted an essential status by the Government and the Group's sites remained open, however with limited offerings and a significantly reduced labour force, to provide a crucial and safe service to motorists on essential journeys. There was a significant decline in footfall and revenue during this time given the sharp drop in traffic on the UK strategic roads network.

Following the ending of the first lockdown, traffic and sales recovered strongly, reaching 75% of normal levels during August 2020. Whilst further local and national coronavirus restrictions continued to impact trade in 2020, conditions were not as adverse as the first UK wide lockdown of March 2020, helped by the continued operation of our Costa Coffee and McDonald's offers, albeit on reduced hours. The Group's revenue for the year ended 27 December 2020 was reduced by 42% compared to the previous year.

With a further national lockdown imposed in January 2021, trade continued to be impacted in the early part of 2021. However, as restrictions were lifted, traffic and revenue rebounded strongly and immediately, with revenue reaching over 110% of normal pre-pandemic levels during August 2021. Management are confident that revenue levels will be sustained through the remainder of 2021.

The availability of support from the Government and key suppliers, such as the Coronavirus Job Retention Scheme, enabled the Group to continue trading through the peak of the crisis without the need of any additional funding support. Liquidity has remained healthy and the majority of the Group's employees have been retained, which has been key to provide a platform for the Group's recovery.

As a result of this trading environment a waiver request was required from the Group's lenders in respect of the financial covenants and other potential default events up to and including 31 December 2021. This request has been granted, providing the Group with sufficient time to recover profitability. Management have performed a review of forecasts, and do not expect any breach of financial covenants or any default events for a period in excess of 12 months from the date of approval of these financial statements.

Operational change and business response

A key priority for the Group has been to ensure that all premises provide a safe environment for customers and employees. The Group has invested in making all areas 'Covid Secure' and training employees in accordance with the latest Government advice. Management have also invested in outdoor seating and catering outlets to ensure that our premises remain safe and accessible as visitor numbers increase.

Financial outlook

Management have considered a range of recovery scenarios through to December 2022, forecasting EBITDA, liquidity and financial covenant positions.

It is Management's view that the Group will experience a smooth recovery in 2021, with revenue levels back to normal in the second half of the year, as already observed with July and August 2021 trading performance. This would result in a 60% increase in the year-on-year revenue for the 12 months to June 2022.

More protracted recovery scenarios have also been considered which would see revenue growth of 53% for year-on-year revenue to June 2022.

Both of these revenue scenarios demonstrate an excellent level of liquidity, enabling the Group to service all payables as they fall due with no issues. Furthermore these scenarios demonstrate the Group's ability to pass all financial covenants associated with the Group's borrowings as they resume in 2022. For these reasons Management are satisfied that a going concern basis of preparation for the financial statements remains appropriate.

FIRST MOTORWAY SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

Principal risks and uncertainties (continued)

Other risks:

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

UK withdrawal from the EU: 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. There has been no significant impact on the business as a result of the UK withdrawal from the EU.

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 £95,000 (29 December 2019: £297,000), 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.

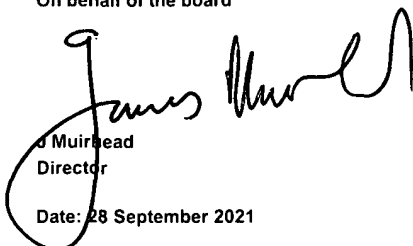
Capital management

Capital consists of equity attributable to the equity holders of the 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
Director
Date: 28 September 2021

**DIRECTORS' REPORT
FOR THE YEAR ENDED 27 DECEMBER 2020**

The directors present their report and the audited financial statements for the year ended 27 December 2020.

The Company is a private limited company 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
S Turl (resigned 30 September 2020)
I McKay
R Tindale
J Muirhead
D Wade

Results and dividends

The results for the year are set out on page 11. The directors do not recommend the payment of a dividend (29 December 2019: £nil).

Future developments

The principal activities, organisational structure and debt structure of the Company are not anticipated to change in the foreseeable future. Management plans to develop the existing portfolio of Motorway Service Areas, and will explore further opportunities as the Group recovers from the coronavirus pandemic.

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 involvementEngagement 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 discuss the performance and strategic direction of the Company, and approve significant business decisions. Relevant business decisions and other topics of discussion with shareholders include:

- 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.

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 Company. 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.

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.

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.

FIRST MOTORWAY SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 27 DECEMBER 2020

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 (GCG) 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 of schemes to divert the company's 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 27 December 2020	Year ended 29 December 2019
	kWh	kWh
Energy consumption used to calculate emissions:	4,487,996	5,742,181
Energy consumption break down (kWh)		
Gas	525,088	588,169
Electricity	3,846,340	5,043,280
Transport Fuel	116,568	110,732
	Year ended 27 December 2020	Year ended 29 December 2019
	Tonnes of CO2 equivalent	Tonnes of CO2 equivalent
Emissions from combustion of gas (Scope 1)	103	116
Emissions from purchased electricity (Scope 2)	897	1,289
Emissions from business travel where company is responsible for the purchasing of fuel (Scope 3)	32	31
Total gross emissions in metric tonnes CO2e	1,032	1,436
Intensity ratio: tonnes of CO2e per £m of sales	90.4	68.3
Intensity ratio: tonnes of CO2e per employee	3.2	3.6

Prepared following the 2019 HM Government Environmental Reporting Guidelines and using the 2020 & 2019 UK Government's Conversion Factors for Company Reporting.

FIRST MOTORWAY SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

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 impact of Coronavirus on the Group is discussed in the Strategic Report. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, including a severe but plausible downside scenario in light of the coronavirus pandemic, 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 £5,829,000 (29 December 2019: £8,301,000) and net current liabilities of £14,433,000 (29 December 2019: £13,900,000). The Company has received written confirmation of support from intermediate parent companies to assist in meeting liabilities as and when they fall due. The directors are of the opinion that, 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

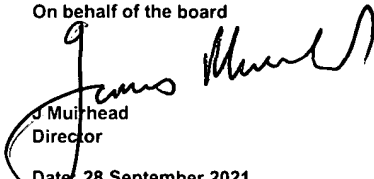
The directors who were members of the board at the time of approving the Directors' Report are listed on page 4. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- 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

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: 28 September 2021

FIRST MOTORWAY SERVICES LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 27 DECEMBER 2020**

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 period. 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.

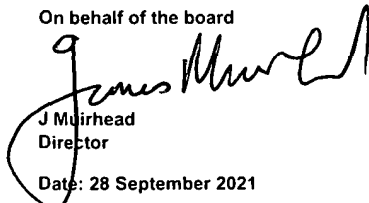
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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



J Muirhead
Director

Date: 28 September 2021

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 27 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 27 December 2020; 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 27 December 2020 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 employment laws and regulations, health and safety legislation and government grants (including the Coronavirus Job Retention Scheme), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal 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;
- Inspecting correspondence and discussion with legal advisors in respect of actual or potential litigation;
- Reviewing minutes of meetings of those charged with governance;
- Testing Coronavirus Job Retention Scheme claims back to bank receipts and submitted claim forms. For a sample of employees we also reperformed the calculation of amounts claimed and sought evidence of the eligibility for those employees;
- Testing journals posted to revenue and expenses that have unusual account combinations, in particular those which manipulate revenue and EBITDA;

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

- Challenging and auditing assumptions and judgements made by management in their significant accounting estimates and judgements given the potential risk of management bias; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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.



Steven Kentish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
28 September 2021

FIRST MOTORWAY SERVICES LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 27 DECEMBER 2020**

	Note	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
Revenue	4	11,418	21,036
Cost of sales		(4,398)	(7,973)
Gross profit		<u>7,020</u>	<u>13,063</u>
Administrative expenses:			
Before exceptional items		(9,706)	(11,567)
Other exceptional items	7	<u>(70)</u>	<u>(44)</u>
		(9,776)	(11,611)
Other operating income - government grants	8	1,108	-
Operating (loss)/ profit		<u>(1,648)</u>	<u>1,452</u>
Loss on disposal of property, plant and equipment	15	(165)	(23)
Exceptional finance costs	11	-	(340)
Finance costs	12	(73)	(97)
(Loss)/ profit before taxation		<u>(1,886)</u>	<u>992</u>
Taxation	13	(584)	85
(Loss)/ profit for the financial year	22	<u>(2,470)</u>	<u>1,077</u>

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

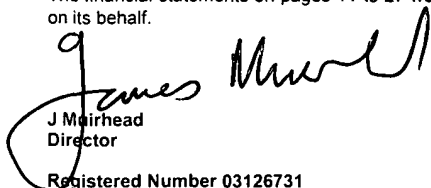
The Company has no recognised gains and losses other than the results above and therefore no separate statement of other comprehensive income has been presented.

FIRST MOTORWAY SERVICES LIMITED

**BALANCE SHEET
AS AT 27 DECEMBER 2020**

	Note	27 December 2020 £'000	29 December 2019 £'000
Assets			
Non-current assets			
Intangible assets	14	17	11
Property, plant and equipment	15	<u>22,621</u>	<u>24,176</u>
		22,638	24,187
Current assets			
Inventories	16	312	320
Debtors - amounts falling due within one year	17	1,550	361
Cash and cash equivalents	18	<u>1,521</u>	<u>2,125</u>
		3,383	2,806
Total assets		<u>26,021</u>	<u>26,993</u>
Liabilities			
Current liabilities			
Creditors - amounts falling due within one year	19	(17,811)	(16,706)
Leases	20	<u>(5)</u>	<u>-</u>
		(17,816)	(16,706)
Non-current liabilities			
Leases	20	(254)	-
Deferred tax liabilities	13	<u>(2,122)</u>	<u>(1,986)</u>
		(2,376)	(1,986)
Total liabilities		<u>(20,192)</u>	<u>(18,692)</u>
Net assets		<u>5,829</u>	<u>8,301</u>
Equity			
Called up ordinary shares	21	101	101
Revaluation reserve	22	879	915
Retained earnings	22	<u>4,849</u>	<u>7,285</u>
Total equity		<u>5,829</u>	<u>8,301</u>

The financial statements on pages 11 to 27 were approved by the board of directors and authorised for issue on 28 September 2021 and were signed on its behalf.


J Meirhead
Director
Registered Number 03126731

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

FIRST MOTORWAY SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 27 DECEMBER 2020

	Note	Called up ordinary shares £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 31 December 2018		101	950	6,173	7,224
Profit for the financial year		-	-	1,077	1,077
Reserve transfer		-	(35)	35	-
At 29 December 2019		101	915	7,285	8,301
Change in accounting policy	2	-	-	(1)	(1)
At 30 December 2019 (adjusted balance)		101	915	7,284	8,300
Loss for the financial year	22	-	-	(2,470)	(2,470)
Reserve transfer	22	-	(36)	35	(1)
At 27 December 2020		101	879	4,849	5,829

FIRST MOTORWAY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 DECEMBER 2020

1 Accounting policies

Basis of preparation

The financial statements have been prepared for the year ended 27 December 2020. The comparative period was the year ended 29 December 2019.

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 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*.
- (i) 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 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 impact of Coronavirus on the Group is discussed in the Strategic Report. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, including a severe but plausible downside scenario in light of the coronavirus pandemic, 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 £5,829,000 (29 December 2019: £8,301,000) and net current liabilities of £14,433,000 (29 December 2019: £13,900,000). The Company has received written confirmation of support from intermediate parent companies to assist in meeting liabilities as and when they fall due. The directors are of the opinion that, 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 received from customers in the UK from the Company's continuing activity, excluding Value Added Tax. As detailed in note 4, revenue on catering, grocery, retail and hotel sales is recognised when goods are transferred to customer and performance obligations met.

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

Interest and finance costs

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

FIRST MOTORWAY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

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
Motor vehicles	Over the term of the lease

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.

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.

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 period necessary to match them with the costs that they are intended to compensate.

FIRST MOTORWAY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

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 period in which the condition that triggers those payments occurs.

FIRST MOTORWAY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

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.

FIRST MOTORWAY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

2 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 *Leases* on the Company's financial statements.

The Company has adopted IFRS 16 *Leases* retrospectively from 30 December 2019, but has not restated comparatives for the prior reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 30 December 2019. The new accounting policies are disclosed in note 1.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 8.0%.

For leases previously classified as finance leases the Company recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 30 December 2019

The following is a reconciliation of total operating lease commitments at 29 December 2019 (as disclosed in the financial statements to 29 December 2019) to the lease liabilities recognised at 30 December 2019:

	£'000
Operating lease commitments disclosed as at 29 December 2019	557
Discounted at the date of initial application	250
Lease liability recognised as at 30 December 2019	250
Of which are:	
Non-current lease liabilities	250

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 29 December 2019.

The change in accounting policy affected the following items in the balance sheet on 30 December 2019:

- Property, plant and equipment – increase by £249,000
- Lease liabilities – increase by £250,000
- Retained earnings – decrease by £1,000

FIRST MOTORWAY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

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.

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.

Further details about impairment of non-financial assets are provided in note 15.

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.

4 Revenue

	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
Sale of goods	9,893	18,186
Provision of services	1,525	2,850
	11,418	21,036

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 27 December 2020 is £nil (29 December 2019: £nil).

There are no outstanding performance obligations associated with contracts with customers at 27 December 2020 (29 December 2019: none).

5 Cost of sales

Cost of sales includes:

	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
Costs of inventories recognised as an expense	3,194	5,743
Franchise fees	584	1,158
Consumables, disposables and distribution costs	333	614

FIRST MOTORWAY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

6 Administrative expenses

Administrative expenses include:

	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
Depreciation of property, plant and equipment (note 15):		
- owned assets	1,679	1,697
- leased assets	540	535
Amortisation of intangible assets (note 14)	6	4
Repairs and maintenance	363	404
Utilities	552	723
IT costs	95	98
Employee benefit expenses (note 9)	5,045	5,617
Auditors' remuneration - audit of the financial statements	29	25

The Company's audit fee of £29,000 (29 December 2019: £25,000) was borne by Roadchef Limited, a fellow group company in the United Kingdom, and recharged to the Company.

7 Other exceptional items

	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
Pre-opening expenses	-	44
Restructuring costs	14	-
Other	56	-
	70	44

Pre-opening expenses in the prior year relate to non-capital costs associated with the opening of a new units, which included a Costa Drive Thru during that year.

Restructuring costs in the current year relate to costs following an internal reorganisation.

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 £13,000 (29 December 2019: £8,000).

8 Government grants

	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
Coronavirus Job Retention Scheme	955	-
Eat Out to Help Out	153	-
	1,108	-

The Company has participated in the 'Coronavirus Job Retention Scheme' in the year, a Government initiative to support businesses throughout the coronavirus pandemic via a grant to cover a portion of employees wages. Additionally the Company participated in the 'Eat Out to Help Out Scheme', a Government scheme designed to encourage customer demand throughout August 2020. As part of this scheme the Government paid 50% of customer's eligible food bills, capped at £10 per head. There are no unfulfilled conditions or other contingencies attached to this grant.

The Company has also had Government assistance via the business rates expanded retail discount, a business rates holiday for retail, hospitality and leisure businesses. No grant income has been received in the year, however the Company has benefitted from discounts against certain business rates charges which would otherwise have been charged through administrative expenses. Amounts discounted in the year which would have otherwise been charged through administrative expenses in the year total £305,000 (29 December 2019: £nil).

FIRST MOTORWAY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

9 Employee benefit expenses

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

	Year ended 27 December 2020 Number	Year ended 29 December 2019 Number
Operational	285	352
Management and administration	42	47
	327	399

Their payroll costs comprised:

	£'000	£'000
Wages and salaries	4,699	5,259
Social security costs	270	286
Other pension costs (note 23)	76	72
	5,045	5,617

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.

10 Directors' remuneration

	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
Short-term employee benefits	389	296
Post-employment pension benefits	5	6
	Number	Number
Number of directors accruing benefits under money purchase schemes	3	4
	£'000	£'000
In respect of the highest paid director:		
Short-term employee benefits	102	85
Post-employment pension benefits	-	2

There were no directors (29 December 2019: none) who were members of a defined benefit pension scheme.

11 Exceptional finance costs

Exceptional finance costs of £nil (29 December 2019: £340,000) were recharged to the Company in the year following the refinancing of bank loans held by fellow group companies.

12 Finance costs

	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
Finance costs		
Finance costs of loans from other group companies	49	89
Finance costs payable under leases	21	-
Other interest	3	8
	73	97

FIRST MOTORWAY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

13 Taxation

	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
Corporation tax		
Adjustments in respect of prior periods	448	-
Total current tax	448	-
Deferred tax		
Origination and reversal of timing differences	(134)	(107)
Adjustments in respect of prior periods	33	11
Effect of changes in tax rates on deferred tax balance	237	11
Total tax charged/ (credited) to income statement	584	(85)

The total tax credit is different to the standard rate of corporation tax in the United Kingdom of 19.0% (29 December 2019: 19.0%). The material differences are reconciled below:

	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
(Loss)/ profit before taxation	(1,886)	992
(Loss)/ profit before taxation multiplied by the UK tax rate of 19.0% (29 December 2019: 19.0%)	(358)	188
Transfer pricing adjustments	-	(11)
Adjustments in respect of prior periods	481	11
Effect of changes in tax rates on deferred tax balance	237	11
Group relief surrendered/ (claimed) not paid for	96	(387)
Expenses not deductible for tax purposes	128	103
Total tax charged/ (credited) to income statement	584	(85)

FIRST MOTORWAY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020

13 Taxation (continued)

Reconciliation of deferred taxes

	Balance sheet		Income statement	
	27 December 2020 £'000	29 December 2019 £'000	Year ended 27 December 2020 £'000	Year ended 29 December 2019 £'000
Property, plant and equipment	(2,124)	(1,986)	(138)	85
Tax losses	2	-	2	-
Deferred tax (charge)/ credit through income statement			(136)	85
Net deferred tax liability	(2,122)	(1,986)		
Reflected as:				
Deferred tax liabilities	(2,122)	(1,986)		
	(2,122)	(1,986)		
Movements in net deferred tax liability:			27 December 2020 £'000	29 December 2019 £'000
Net deferred tax liability				
Opening liability			(1,986)	(2,071)
(Charge)/ credit through income statement			(136)	85
Closing liability			(2,122)	(1,986)

The Company has chosen not to recognise a potential deferred tax asset of £46,000 in respect of brought forward tax losses (29 December 2019: £41,000) due to uncertainty over the recoverability of this asset.

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%. At the balance sheet date, the proposal to increase the rate to 25% had not been substantively enacted, substantive enactment occurred on 24 May 2021, therefore, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax liability by £670,000.

14 Intangible assets

	Computer Software £'000	Licences and agreements £'000	Total £'000
Cost			
At 30 December 2019	13	4	17
Additions	12	-	12
At 27 December 2020	25	4	29
Accumulated amortisation			
At 30 December 2019	5	1	6
Charge for year	5	1	6
At 27 December 2020	10	2	12
Net book value			
At 27 December 2020	15	2	17
At 29 December 2019	8	3	11

FIRST MOTORWAY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020

15 Property, plant and equipment

	Land and buildings			Fixtures, fittings and equipment £'000	Total £'000
	Freehold £'000	Long leasehold £'000	Short leasehold £'000		
Cost or deemed cost					
At 30 December 2019	3,627	8,939	12,514	13,258	38,338
Adjustment for change in accounting policy (note 2)	-	-	249	-	249
Additions	-	-	4	576	580
Disposals	-	-	-	(532)	(532)
At 27 December 2020	3,627	8,939	12,767	13,302	38,635
Accumulated depreciation or impairment					
At 30 December 2019	673	1,046	5,382	7,061	14,162
Charge for year	51	188	324	1,656	2,219
Disposals	-	-	-	(367)	(367)
At 27 December 2020	724	1,234	5,706	8,350	16,014
Net book value					
At 27 December 2020	2,903	7,705	7,061	4,952	22,621
At 29 December 2019	2,954	7,893	7,132	6,197	24,176

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

	27 December 2020 £'000
Net book value	
Leasehold land and buildings	14,766
Equipment	137
	14,903
	27 December 2020 £'000
Depreciation charge for the year	
Leasehold land and buildings	512
Equipment	28
	540

Additions to the right-of-use assets during the year were £4,000.

The leasehold land and buildings were professionally valued by external valuers Cushman & Wakefield, as at 17 December 2018, on an open market for existing use basis, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation manual, and based upon a multiple of projected future earnings before interest, taxation, depreciation and amortisation ("EBITDA"). The recoverable amount calculated falls into level 3 of the fair value hierarchy. The market value of property, plant and equipment at 17 December 2018 was £29,550,000.

A review of individual site carrying values against recoverable amounts has not given rise to an impairment of land and buildings in the period (29 December 2019: £nil).

The recoverable amount of individual sites has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 31 December 2025. Other major assumptions are as follows:

Discount rate	Between 16.2 - 19.8%
Long-term growth rate	3.0%

The recoverable amounts calculated have been estimated to exceed the carrying amounts by £18,200,000 (29 December 2019: not applicable).

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

Discount rate	Increase to 28.2 - 31.8%
Long-term growth rate	Reduction from 3.0% growth to 10.7% decline

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

FIRST MOTORWAY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020

16 Inventories

	27 December 2020 £'000	29 December 2019 £'000
Raw materials and consumables	36	30
Goods for resale	276	290
	312	320

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

17 Debtors - amounts falling due within one year

	27 December 2020 £'000	29 December 2019 £'000
Trade receivables	95	297
Amounts owed by group companies	1,453	7
Other receivables	2	2
Prepayments and accrued income	-	55
	1,550	361

As at 27 December 2020, trade receivables of £1,000 (29 December 2019: £1,000) were past due. The ageing analysis of these receivables is as follows:

	27 December 2020 £'000	29 December 2019 £'000
Past due		
31-60 days	1	-
> 60 days	-	1
	1	1

There is no provision for impairment against trade receivables at 27 December 2020 (29 December 2019: £1,000). 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 27 December 2020 (29 December 2019: £nil).

18 Cash and cash equivalents

	27 December 2020 £'000	29 December 2019 £'000
Cash and cash equivalents	1,521	2,125

19 Creditors - amounts falling due within one year

	27 December 2020 £'000	29 December 2019 £'000
Trade payables	455	926
Amounts owed to group companies	16,272	14,361
Other taxes and social security	149	649
Other payables	8	16
Accruals	927	754
	17,811	16,706

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

FIRST MOTORWAY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020

20 Leases

	27 December 2020 £'000	29 December 2019 £'000
Lease liabilities		
Current	5	-
Non-current	254	-
	259	-
	27 December 2020 £'000	29 December 2019 £'000
Lease liabilities maturity:		
Repayable in more than one year but not more than five years	20	-
Repayable in more than five years	234	-
	254	-
Repayable in one year or less	5	-
	259	-

Interest expenses for the year of £21,000 (29 December 2019: £nil) have been charged to finance costs in relation to leases.

Variable lease payments that depend on sales of £1,000 (29 December 2019: £nil) have been charged to administrative expenses and are not included in the measurement of lease liabilities.

21 Called up ordinary shares

	27 December 2020 £'000	29 December 2019 £'000
Authorised, issued and fully paid		
2 (29 December 2019: 2) special ordinary shares of £1 each	-	-
100,000 (29 December 2019: 100,000) ordinary shares of £1 each	100	100
50,000 (29 December 2019: 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 30 December 2019	915	7,285	8,200
Change in accounting policy (note 2)	-	(1)	(1)
Loss for the financial year	-	(2,470)	(2,470)
Reserve transfer	(36)	35	(1)
At 27 December 2020	879	4,849	5,728

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 (29 December 2019: £72,000). An amount of £nil (29 December 2019: £nil) is owed to the pension schemes at the year end.

FIRST MOTORWAY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2020**

24 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 27 December 2020 was £260,308,000 (29 December 2019: £246,808,000). 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.

25 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 27 December 2020, Antin Infrastructure Partners Luxembourg III S.a.r.l is considered to be the ultimate controlling party, a company registered in Luxembourg.