REGISTERED NUMBER 01123082

ROADCHEF MOTORWAYS LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 1 JANUARY 2023

ROADCHEF MOTORWAYS 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
BANKERS	Barclays Bank Plc 1 Churchill Place London E14 5HP

CONTENTS

Contents	Page(s)
Strategic report	1 - 3
Directors' report	4 - 7
Statement of directors' responsibilities	8
Independent auditors' report	9 - 11
Income statement	12
Balance sheet	13
Statement of changes in equity	14
Notes to the financial statements	15 - 31

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
Roadchef Motorways Limited ("the Company") operated 13 Motorway Service Areas over 18 sides of the motorway in the United Kingdom for the year ended 1 January 2023. 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 £9,952,000 (2 January 2022: £13,947,000) and a profit before taxation of £8,380,000 (2 January 2022: £13,594,000). The Company has incurred significantly higher utility costs in the year, as a result of increases in wholesale energy prices, and has also incurred higher business rates and employee costs as Government assistance has curtailed. The Company achieved an operating profit of £19,689,000 (2 January 2022: £19,452,000), stated before utility costs and business rates.

The Company has net assets of £215,646,000 (2 January 2022: £206,668,000).

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 strategies to achieve this objective 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, which has included several WHSmith and Costa Coffee units during the period.

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 and drive thru sales (%)	**18.1%**	55.9%	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 and drive thru (%)	**58.2%**	62.4%	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 and drive thru transactions (m)	**17.0**	13.8	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 (£)	**£6.18**	£6.49	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.

In addition to the amenity building sales discussed above, the Company has significant revenues generated from the provision of services and rental income from forecourts. Revenue from the provision of services includes revenue from hotels, parking and gaming.

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 60% 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, liquidity risk and interest rate 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 £2,386,000 (2 January 2022: £2,193,000), 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.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with fixed interest rates.

The Group as a whole manages its interest rate risk by maintaining a balanced portfolio of fixed to floating rate borrowings, with varying rates of maturity. For long-term borrowings subject to floating rates of interest, interest rate swaps are used to fix at least 60% of variable rate debt 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 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

The directors present their report and 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 12. 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.

The Company has applied the Wates Corporate Governance Principles for Large Private Companies for the year ended 1 January 2023, as set out as follows:

<u>Purpose and Leadership</u>

The Company's vision is to make Britain's roads a safer and happier place by elevating the mood of every road user and its mission is to de-stress and delight Britain's road users. The Board of Directors seek to deliver the Company's vision and mission through three core values:

i) **Caring** - To be friendly, engaging, welcoming and inclusive.
ii) **Uncomplicated** - To be straightforward, grounded, practical and transparent, and;
iii) **Positively Obsessive** - To be energetic, adaptable, diligent, and ambitious.

These values are the personality traits that the Board ask all of the Company's employees to display in their dealings with each other, partners, suppliers, customers and regulatory authorities. The Company lives by these values and they inform what the Board choose to do and how they do it.

The Company's values are communicated to all employees as an integral part of their induction to the business, and the Board are committed to further promote the values on an ongoing basis, putting them at the heart of all key employee relations, including regular communications and behaviour driven incentives and rewards.

The Board monitor the effectiveness of this through employee engagement surveys, performance reviews and customer satisfaction scores, amongst other measures.

The Board believe that in promoting these shared collective values the Company is more likely to achieve long-term sustainable success and moves closer to achieving its vision and mission.

<u>Board composition</u>

The Board comprises a range of roles, combining appropriate backgrounds and skills in order to optimise the effectiveness and balance of the Board as a collective, as well as individual objectivity and accountability. The Board is led by a Chief Executive Officer with extensive experience managing a range of businesses across the UK and Europe.

The size and structure of the Board is carefully considered to ensure it can meet the strategic needs and challenges of the Company and enable effective decision-making. This is reviewed in the context of evolving business requirements, the result of which has, for example, resulted in the appointment of a Chief Commercial Officer and HR Director in recently created roles.

The Board recognises the importance of diversity in appointments and benefits that this delivers. The Company uses succession planning to identify and develop future leaders and senior managers for the business.

Corporate Governance (continued)

Director Responsibilities

The Board are responsible for safeguarding the assets of the Company and promoting the success of the Company for the benefit of its shareholders, whilst maintaining high standards of corporate governance.

The Board sets out to fulfil these responsibilities in all of its day-to-day activities and business interactions, and also has several structured methods as part of the delivery of these responsibilities.

The Board has established a comprehensive and robust process of internal review to ensure processes and controls are operating effectively and the integrity management information is monitored and maintained. The Company operates a comprehensive programme of internal audits, including management control audits by the Company's loss prevention team and monthly financial reviews between finance and operations teams.

The Board meets formally eleven times in each twelve month period to review all key aspects of the business, including financial performance, strategic and operational matters, stakeholder relations, health and safety, legal matters and corporate governance. The Board also meets on a monthly basis with senior managers of the business to discuss similar topics and to ensure all involved are fully informed of relevant matters.

The Company has sub-committees for Strategy & ESG, Health, Safety & People, Audit & Risk, and Remuneration. These committees meet at regular intervals throughout each year and provide objective recommendations to the Board for approval or further action.

Opportunity and Risk

The Board considers the opportunities and risks of the Company on a regular basis, primarily discussing these during formal Board meetings. The Board recognise that in order to facilitate comprehensive and effective discussions they must endeavour to remain suitably informed and aware of potential opportunities and risks. The Board utilise a variety of resource to enable this, including analysis of industry and market data, maintenance of short and long-term business modelling, maintenance of risk registers, input from third party experts, and stakeholder collaboration. Employees are encouraged to interact with the Board in this regard through regular strategic meetings held throughout the year which involve senior managers across all key business functions.

Key strategic and investment proposals are considered and approved by the Board on a financial and non-financial basis, giving full consideration to the Company's values, and with the aim of creating and preserving value for the Company.

Significant risks are considered on a similar basis, with financial and non-financial implications fully explored by the Board and appropriate plans for mitigation agreed.

Remuneration

Remuneration policies and decisions are made based upon the recommendations of a remuneration committee, which includes an independent member who is not remunerated by the Company. The remuneration committee is responsible for setting remuneration packages for the individual Board members as well as the policy for the Company's employees, with annual pay reviews undertaken, including a discretionary annual bonus that depends upon the performance of the Company against financial and non-financial factors.

In doing so, consideration is given to benchmarking data, business performance, and an underlying intent to attract and retain highly talented individuals.

Stakeholder relationships and engagement

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 discuss the performance and strategic direction of the Company, and approve significant business decisions.

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.

Corporate Governance (continued)

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.

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 a fleet of over 70 leased vehicles for employees and during the year management have committed to move away from pure petrol and diesel vehicles, with a goal to achieve only hybrid and electric vehicles by the end of 2023.

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.

Streamlined Energy & Carbon Reporting (continued)

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

	Year ended 1 January 2023 kWh	Period ended 2 January 2022 kWh
Energy consumption used to calculate emissions:	**24,285,306**	23,303,495
Energy consumption break down (kWh)		
Gas	2,632,234	3,434,009
Electricity	21,341,537	19,447,205
Transport Fuel	311,535	422,281

	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)	549	716
Emissions from purchased electricity (Scope 2)	4,127	4,129
Emissions from business travel where company is responsible for the purchasing of fuel (Scope 3)	86	117
Total gross emissions in metric tonnes CO2e	**4,762**	4,962
Intensity ratio: tonnes of C02e per £m of sales	**36.4**	44.2
Intensity ratio: tonnes of C02e per employee	**2.3**	2.8

Prepared following the 2019 HM Government Environmental Reporting Guidelines and using the 2021 & 2020 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 £215,646,000 (2 January 2022: £206,668,000). 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.

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 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

James Muirhead

J Muirhead
Director

Date: 18 July 2023

Independent auditors' report to the members of Roadchef Motorways Limited

Report on the audit of the financial statements

Opinion

In our opinion, Roadchef Motorways 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than those disclosed in note 5, we have provided no non-audit services to the company in the period under audit.

Conclusions relating to going concern

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

- Evaluating management's detailed cash flow forecasts, comparing these to Board approved forecasts and where applicable, we compared these forecasts for consistency to those used elsewhere in the business. We also considered whether they were reasonable in light of previous performance and future expectations;
- Reviewing the requirement for a letter of support from a parent undertaking;
- Assessing the ability of the counterparty to the letter of support to provide such support; and
- Assessing the adequacy of disclosures within the Annual Report.

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.

Independent auditors' report to the members of Roadchef Motorways Limited (continued)

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.

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

Independent auditors' report to the members of Roadchef Motorways Limited (continued)

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;
- 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

ROADCHEF MOTORWAYS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 1 JANUARY 2023

	Note	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Revenue	3	**130,860**	112,241
Cost of sales	4	**(46,824)**	(36,835)
Gross profit		**84,036**	75,406
Administrative expenses:			
Before exceptional items	5	**(73,606)**	(63,018)
Exceptional items	6	**(560)**	(72)
		(74,166)	(63,090)
Other operating income - government grants	7	**82**	1,631
Operating profit		**9,952**	13,947
Loss on disposal of property, plant and equipment		**(144)**	(117)
Exceptional finance (costs)/ income	10	**(1,150)**	466
Finance income	11	**4**	154
Finance costs	12	**(282)**	(856)
Profit before taxation		**8,380**	13,594
Taxation	13	**585**	(8,228)
Profit for the financial period	26	**8,965**	5,366

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

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

ROADCHEF MOTORWAYS LIMITED

BALANCE SHEET
AS AT 1 JANUARY 2023

	Note	1 January 2023 £'000	2 January 2022 £'000
Assets			
Non-current assets			
Intangible assets	14	**88**	67
Property, plant and equipment	15	**197,891**	204,652
Investments in subsidiaries	16	**1**	1
Other assets	17	**3,797**	3,038
		201,777	207,758
Current assets			
Other assets	17	**150**	150
Inventories	18	**2,361**	1,986
Debtors - amounts falling due within one year	19	**74,534**	31,817
Cash at bank and in hand	20	**8,111**	12,521
		85,156	46,474
Total assets		**286,933**	254,232
Liabilities			
Current liabilities			
Creditors - amounts falling due within one year	21	**(37,830)**	(11,662)
Leases	22	**(230)**	(356)
Other provisions	23	**-**	(1,358)
Deferred revenue	24	**(495)**	(495)
		(38,555)	(13,871)
Non-current liabilities			
Leases	22	**(1,128)**	(1,275)
Deferred revenue	24	**(5,106)**	(5,601)
Deferred tax liabilities	13	**(26,498)**	(26,817)
		(32,732)	(33,693)
Total liabilities		**(71,287)**	(47,564)
Net assets		**215,646**	206,668
Equity			
Called up share capital	25	**1,045**	1,045
Share premium account	26	**17**	17
Revaluation reserve	26	**64,242**	66,755
Retained eamings	26	**150,342**	138,851
Total equity		**215,646**	206,668

The financial statements on pages 12 to 31 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 01123082

The notes on pages 15 to 31 are an integral part of these financial statements.

ROADCHEF MOTORWAYS LIMITED

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

	Note	Called up share capital £'000	Share premium £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 28 December 2020		1,045	17	69,268	130,972	201,302
Profit for the financial period		-	-	-	5,366	5,366
Reserve transfer		-	-	(2,513)	2,513	-
At 2 January 2022		**1,045**	**17**	**66,755**	**138,851**	**206,668**
Profit for the financial year	26	-	-	-	8,965	8,965
Share based payment - capital contribution	26	-	-	-	13	13
Reserve transfer	26	-	-	(2,513)	2,513	-
At 1 January 2023		**1,045**	**17**	**64,242**	**150,342**	**215,646**

1 Accounting policies

Roadchef Motorways 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.

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;*

(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*.

Consolidated financial statements
The financial statements contain information about Roadchef Motorways Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of an intermediate parent company, MEIF 6 Range Holdings Limited, a company registered in England and Wales.

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 £215,646,000 (2 January 2022: £206,668,000). 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.

1 Accounting policies (continued)

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.

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.

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.

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	Over the period of the licence

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

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

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, or over the term of the lease
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
The Company's non-financial assets include property, plant and equipment and investments in subsidiaries. At each reporting date, the Company reviews the carrying amounts of non-financial assets 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.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less provision for impairment.

1 Accounting policies (continued)

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 period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Exceptional items
Exceptional items comprise events or transactions which by virtue of their size and incidence the directors consider to be exceptional in nature and have been disclosed separately, in order to improve a reader's understanding of the financial statements.

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.

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: Lessor
Rentals received under operating leases are credited to revenue on a straight line basis over each lease term.

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.

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 period 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.

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.

Provisions
Roadchef (Employee Benefits Trust) Limited ("REBTL") is a 100% subsidiary of the Group and acts as a trustee for the Roadchef Employee Benefits Trust ("EBT1"). REBTL has represented the interests of EBT1 through court proceedings against Tim Ingram Hill and other defendants. Following a High Court Ruling against the defendants on 29 January 2014 an agreement for settlement of anticipated receipts from the defendants was reached on 19 November 2014 (the "Agreement") which are now held by EBT1 for eventual distribution to beneficiaries.

In the prior period, the Company had a provision for the payment of employment taxes following a claim by HMRC that the Company will be liable for charges associated with a distribution of funds from EBT1.

Further details on the provision recognised in respect of EBT1 distributions are disclosed in note 23.

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 £'000	Period ended 2 January 2022 £'000
Sale of goods	105,104	90,850
Provision of services	19,528	15,707
Rental income	6,228	5,684
	130,860	112,241

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	35,077	26,965
Franchise fees	5,436	4,978
Consumables, disposables and distribution costs	4,286	3,278

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	9,801	9,933
- leased assets	5,316	5,235
Amortisation of intangible assets (note 14)	32	28
Business rates	4,355	2,140
Repairs and maintenance	2,623	2,152
Utilities	5,382	3,365
Employee benefit expenses (note 8)	31,331	27,473
Share-based payment expense (note 29)	13	-
Auditors' remuneration - audit of the financial statements	99	79

For the year ended 1 January 2023, the Company's audit fee of £99,000 (2 January 2022: £79,000) was borne by Roadchef Limited, an intermediate parent company in the United Kingdom, and recharged to the Company.

£6,000 was paid in the year to the Company's auditors for services other than the statutory audit of the Company (2 January 2022: £5,000).

6 Exceptional items

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Restructuring costs	-	22
Sale related staff costs	284	-
Pre-opening expenses	199	67
Net employment taxes	-	(307)
Other	77	290
	560	72

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

Sale related staff costs are one-off 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 opening of new units, which included a Leon unit at Strensham and Mcdonald's Drive Thru at Rownhams in the year. The McDonald's Drive Thru opening forms part of a programme of openings for the Group over the next several years. Four additional locations have been identified for such development by 2024, with a material amount of pre-opening expense anticipated alongside these.

Net employment taxes credit of £307,000 in the prior period was in relation to a provision for employment taxes, as disclosed in note 23, net of reimbursements that have been recognised as an asset, as disclosed in note 17.

Other costs in the year relate to staff costs associated with launching a staff incentive programme for senior management within the Company. Other costs in the prior period were 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 £107,000 (2 January 2022: £14,000).

7 Other operating income - government grants

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Coronavirus Job Retention Scheme	-	1,631
Omicron Support Grant	82	-
	82	1,631

The Company has received grants of £82,000 (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 £221,000 (2 January 2022: £2,879,000).

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	1,866	1,608
Management and administration	189	176
	2,055	1,784

Payroll costs comprise:

	£'000	£'000
Wages and salaries	29,158	25,630
Social security costs	1,759	1,443
Other pension costs (note 27)	414	400
	31,331	27,473
Share-based payment expense (note 29)	13	-

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	1,044	346
Post-employment pension benefits	7	7

	£'000	£'000
In respect of the highest paid director:		
Short-term employee benefits	340	89
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 Exceptional finance (costs)/ income

	Year ended 1 January 2023 £'000	Year ended 2 January 2022 £'000
Exceptional finance costs	(1,150)	-
Exceptional finance income	-	466
Exceptional finance (costs)/ income	(1,150)	466

Exceptional finance costs of £1,150,000 (2 January 2022: £nil) were recharged to the Company in the year following the refinancing of bank loans held by fellow group companies.

Exceptional finance income of £nil (2 January 2022: £466,000) has been incurred in relation to movement in a provision for employment taxes, as disclosed in note 23.

11 Finance income

	Year ended 1 January 2023 £'000	Year ended 2 January 2022 £'000
Interest receivable		
Other interest receivable	**4**	154

12 Finance costs

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Finance costs		
Finance costs of loans from other group companies	**155**	710
Finance costs payable under leases	**92**	110
Other interest	**35**	36
	282	856

13 Taxation

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Corporation tax		
Current tax on profit for the year	**170**	1,300
Adjustments in respect of prior periods	**(436)**	(198)
Total current tax	**(266)**	1,102
Deferred tax		
Origination and reversal of timing differences	**(493)**	480
Adjustments in respect of prior periods	**329**	325
Effect of changes in tax rates on deferred tax balance	**(155)**	6,321
Total tax (credited)/ charged to income statement	**(585)**	8,228

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

	Year ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Profit before taxation	**8,380**	13,594
Profit before taxation multiplied by the UK tax rate of 19.00% (2 January 2022: 19.00%)	**1,592**	2,583
Transfer pricing adjustments	**107**	23
Effect of changes in tax rates on deferred tax balance	**(155)**	6,321
Adjustments in respect of prior periods	**(107)**	127
Group relief claimed not paid for	**(2,515)**	(2,074)
Expenses not deductible for tax purposes	**493**	1,248
Total tax (credited)/ charged to income statement	**(585)**	8,228

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	**(27,961)**	(28,449)	**488**	(6,869)
Losses	**-**	-	**-**	(669)
Other short term timing differences	**1,463**	1,632	**(169)**	412
Deferred tax credit/ (charge) through income statement			**319**	(7,126)
Net deferred tax liability	**(26,498)**	(26,817)		
Reflected as:				
Deferred tax liabilities	**(26,498)**	(26,817)		
	(26,498)	(26,817)		

Movements in net deferred tax liability:	**1 January 2023 £'000**	2 January 2022 £'000
Opening liability	**(26,817)**	(19,691)
Credit/ (charge) through income statement	**319**	(7,126)
Closing liability	**(26,498)**	(26,817)

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 £'000**	**Total £'000**
Cost			
At 3 January 2022	108	33	141
Additions	38	15	53
At 1 January 2023	**146**	**48**	**194**
Accumulated amortisation			
At 3 January 2022	64	10	74
Charge for year	26	6	32
At 1 January 2023	**90**	**16**	**106**
Net book value			
At 1 January 2023	**56**	**32**	**88**
At 2 January 2022	44	23	67

15 Property, plant and equipment

	Land and buildings			Fixtures,	
	Freehold	Long leasehold	Short leasehold	fittings and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or deemed cost					
At 3 January 2022	77,236	37,955	127,031	82,175	324,397
Additions	-	-	49	8,510	8,559
Disposals	-	-	-	(2,919)	(2,919)
At 1 January 2023	**77,236**	**37,955**	**127,080**	**87,766**	**330,037**
Accumulated depreciation					
At 3 January 2022	12,294	7,956	47,817	51,678	119,745
Charge for the year	792	476	4,664	9,185	15,117
Disposals	-	-	-	(2,716)	(2,716)
At 1 January 2023	**13,086**	**8,432**	**52,481**	**58,147**	**132,146**
Net book value					
At 1 January 2023	**64,150**	**29,523**	**74,599**	**29,619**	**197,891**
At 2 January 2022	64,942	29,999	79,214	30,497	204,652

At 1 January 2023, the Company had unprovided capital commitments of £922,000 (2 January 2022: £nil).

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

	1 January 2023	2 January 2022
	£'000	£'000
Net book value		
Leasehold land and buildings	**104,122**	109,213
Equipment	**1,008**	1,119
	105,130	110,332

	Year ended 1 January 2023	Period ended 2 January 2022
	£'000	£'000
Depreciation charge for the year		
Leasehold land and buildings	**5,140**	5,141
Equipment	**176**	94
	5,316	5,235

Additions to the right-of-use assets during the year were £103,000 (2 January 2022: £306,000)

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 £405,800,000.

16 Investments in subsidiaries

	Subsidiary undertaking £'000
Cost and net book value	
At 3 January 2022 and 1 January 2023	**1**

The Company's subsidiaries are listed below. These companies are wholly owned, non-trading and the shareholdings are in ordinary shares. The registered address of these companies is Roadchef House, Norton Canes MSA, Betty's Lane, Norton Canes, Cannock, Staffordshire, WS11 9UX.

RoadChef (Chester) Limited
RoadChef (Clacket Lane) Limited
RoadChef (Durham) Limited
RoadChef (Killington) Limited
RoadChef Costa Coffee Limited
Superlodge Limited
RoadChef (Pont Abraham) Limited
RoadChef (Rownhams) Limited
RoadChef (Sandbach) Limited
RoadChef (Sedgemoor) Limited
RoadChef (Taunton) Limited

17 Other assets

	1 January 2023 £'000	2 January 2022 £'000
Current assets:		
Other assets - current asset	**150**	150
Non-current assets:		
Long term prepayments	**3,797**	3,038
	3,797	3,038

Other assets relate to the reimbursement of employment taxes that are due to the Company following payments made to HMRC, as detailed in note 23. Other assets have been recognised based upon the strength of evidence which supports the Company's contractual right to receive reimbursement. Furthermore management have considered and gained documentary evidence that sufficient resources are available for the reimbursement to be made. In recognising the indemnification asset, the Directors have taken legal advice, obtaining comfort that the contractual right to receive reimbursement is legally enforceable and that there are sufficient liquid funds to honour the contractual indemnification.

Long term prepayments relate to payments made to enter call option agreements which give the Company the right to purchase undeveloped land.

18 Inventories

	1 January 2023 £'000	2 January 2022 £'000
Raw materials and consumables	**231**	201
Goods for resale	**2,130**	1,785
	2,361	1,986

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

19 Debtors - amounts falling due within one year

	1 January 2023 £'000	2 January 2022 £'000
Trade receivables	**2,386**	2,193
Amounts owed by group companies	**68,062**	25,355
Other receivables	**455**	95
Prepayments and accrued income	**3,631**	4,174
	74,534	31,817

As at 1 January 2023, trade receivables of £472,000 (2 January 2022: £372,000) 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	**226**	192
31-60 days	**129**	48
> 60 days	**117**	132
	472	372

There is provision for impairment against trade receivables at 1 January 2023 of £94,000 (2 January 2022: £80,000). 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 1 January 2023 (2 January 2022: £nil).

20 Cash at bank and in hand

	1 January 2023 £'000	2 January 2022 £'000
Cash at bank and in hand	**8,111**	12,521

21 Creditors - amounts falling due within one year

	1 January 2023 £'000	2 January 2022 £'000
Trade payables	**6,527**	4,542
Amounts owed to group companies	**21,441**	-
Other taxes and social security	**3,310**	2,012
Other payables	**49**	296
Accruals	**6,503**	4,812
	37,830	11,662

22 Leases

	1 January 2023 £'000	2 January 2022 £'000
Lease liabilities		
Current	**230**	356
Non-current	**1,128**	1,275
	1,358	1,631

An early termination of a lease in the year resulted in lease liabilities of £nil (2 January 2022: £46,000) being extinguished and credited to loss on disposal of property, plant and equipment in the income statement.

Interest expenses for the year of £92,000 (2 January 2022: £110,000) have been charged to finance costs in relation to leases.

Variable lease payments that depend on sales of £51,000 (2 January 2022: £61,000) have been charged to administrative expenses and are not included in the measurement of lease liabilities.

Certain leases are secured by charges over specific related assets.

23 Other provisions

	1 January 2023 £'000	2 January 2022 £'000
Employment taxes - current liability	**-**	1,358

In the prior period, The Company had made a provision for employment taxes following a claim by HMRC that the Company would be liable for charges associated with a distribution of funds from EBT1, as discussed in note 2. The provision recognised at 2 January 2022 was based upon an agreed position with HMRC. The Company has deposited cash of £1,358,000 with HMRC in the year, ahead of formal closure of the claim. As such no provision is required as at 1 January 2023.

24 Deferred revenue

	1 January 2023 £'000	2 January 2022 £'000
Opening balance	**6,096**	6,587
Credited to income statement	**(495)**	(491)
Closing balance	**5,601**	6,096

	1 January 2023 £'000	2 January 2022 £'000
Current	**495**	495
Non-current	**5,106**	5,601
	5,601	6,096

25 Called up share capital

	1 January 2023 £'000	2 January 2022 £'000
1,045,000 (2 January 2022: 1,045,000) ordinary shares of £1 each	**1,045**	1,045

There are no restrictions on the voting rights or economic rights of issued capital.

26 Reserves

	Share premium £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
At 3 January 2022	17	66,755	138,851	205,623
Profit for the financial year	-	-	8,965	8,965
Share based payment - capital contribution	-	-	13	13
Reserve transfer	-	(2,513)	2,513	-
At 1 January 2023	**17**	**64,242**	**150,342**	**214,601**

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

27 Pension schemes

Defined contribution schemes
The Company operates defined contribution pension schemes. The assets of these schemes are held separately from those of the Group in independently administered funds. The pension charge for the year for these schemes amounted to £414,000 (2 January 2022: £400,000). An amount of £nil (2 January 2022: £nil) is owed to the pension schemes at the year end.

28 Leases: lessor arrangements

The Company receives contingent rental income on a forecourt leased to a third party under a non-cancellable operating lease. The total contingent rents recognised as income during the year is £5,343,000 (2 January 2022: £4,799,000). Contingent rentals are linked to the sales and gross margin performance of the lessee. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	1 January 2023 Land and buildings £'000	2 January 2022 Land and buildings £'000
Expiry date:		
Within one year	**886**	886
Between one and five years	**3,545**	3,545
After more than five years	**9,160**	10,044
	13,591	14,475

29 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	2 January 2022
	Number of Awards	Number of Awards
Awards at beginning of period	-	-
Awards granted in the period	12,600	-
Awards at end of period	12,600	-

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	13	-
Fair value of Awards recognised at end of period	13	-
Total fair value of Awards at grant date, net of price paid, to be recognised over the expected vesting period	107	-

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

30 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.

31 Post balance sheet events

On 7 July 2023 the Company agreed a settlement with a third party in respect of revenue amounts which ought to have been due to the Company, under an existing agreement, for financial periods dating back to 2014. As a result of this settlement, the Company will receive £9,033,000 during 2023. No revenue has previously been recognised by the Company in respect of the settlement. At 1 January 2023, negotiations had not progressed to a point whereby the Directors were certain a settlement would be reached, nor was the amount to be settled virtually certain; consequently it has been concluded the settlement should be treated as a non-adjusting post balance sheet event. £9,033,000 has therefore been credited to the income statement after the reporting date.

32 Control

The immediate parent company is Roadchef Motorways Holdings 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.