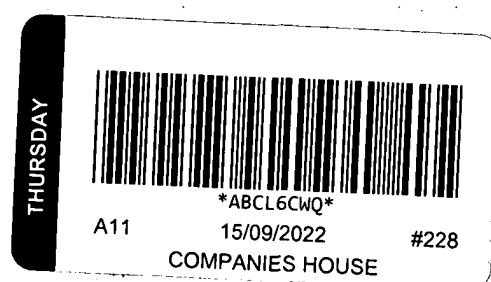


# **Welcome Break Group Limited**

(Registered number: 3147949)

## **Annual report and financial statements**

**For the year ended 31 December 2021**



## **Welcome Break Group Limited**

### **Annual report and financial statements for year ended 31 December 2021**

	<b>Page(s)</b>
Strategic report	1-3
Directors' report	4-8
Independent auditors' report	9-12
Statement of comprehensive income	13
Balance sheet	14
Statement of changes in equity	15
Notes to the financial statements	16-42

# **Welcome Break Group Limited**

## **Strategic report**

The directors present their Strategic report on the Company for the year ended 31 December 2021.

### **Business review**

The business has had an improved year of trading as the UK exited the most severe lockdown restrictions of the COVID pandemic, with turnover of £237.5m being 40.6% up year on year (year ended 31 December 2020: £168.9m). Operating profit before one-off items, depreciation, amortisation and rents (EBITDAR) was £27.2m (year ended 31 December 2020: £8.9m), with operating profit before one-offs for the year ended 31 December 2021 £6.3m (year ended 31 December 2020: £11.0m loss).

The net asset position of the Company at 31 December 2021 is £16.6m (31 December 2020: £24.5m liability).

Capital expenditure in the year was £5.9m which was an increase on previous years as projects that were put on hold and deferred whilst the business navigated the pandemic began to be completed. Key items of capital expenditure were the refurbishments of forecourt units and the purchase of vended coffee machines to complement the existing coffee offer. Furthermore, an element of expenditure was related to maintaining the existing assets of the business, the normal programme of which had been slowed during 2020.

The business's principal activity is the operation of Motorway Service Areas ("MSAs"). The impact of COVID had been significant on the business during 2020 however, the effect was much less severe during 2021.

At the start of the year a national lockdown was in place which reduced motorway traffic and turn-ins to sites to around 55% of normal levels. The impact on full year results was minor due to this lockdown being in the relatively quieter winter period. The lessons learned from previous lockdowns in managing costs further mitigated the impact in the year. Easter performance was down on normal years although by this time, traffic and transactions returned with restrictions being released and vaccines being rolled out.

The business benefitted from the return to more normal trading over the summer period following the release of restrictions, with exceptional results and record weekly sales at many MSA sites. There was significant pent-up demand from the travelling public who were keen to visit family and friends and attend events which had not been possible for much of the previous 16 months. With foreign travel proving difficult and expensive, the "UK Staycation" was prevalent during this period of 2021 which benefitted the sector.

Trade for the remainder of the year remained strong. Traffic was below usual levels due to homeworking and reduced coach traffic but spend per transaction remained strong. This reflects a changing trend in transactions with marginally lower commuter trade during weekdays and higher leisure trade at weekends. The continuation of the strong trading performance, particularly the ongoing spend benefit is also noticeable during the start of 2022. The expectation for 2022 is that the UK will experience another "Staycation" effect during the summer, again leading to a very robust peak trading performance during the key months of June to September.

## **Welcome Break Group Limited**

### **Strategic report (continued)**

#### **Business review**

In June 2020, a successful re-negotiation of terms with the Group's lenders was completed which enabled financial covenants to be either waived or reset until end June 2021. The remaining balance of the available capital facility was temporarily repurposed to become an additional working capital facility and was fully drawn down (£25.4m). The 2021 performance was such that the business was able to return to meeting its original covenants a quarter earlier than the required September 2021 date, delivering a compliant covenant certificate to lenders for the quarter ending June 2021. The temporary working capital facility of £25.4m was fully repaid in September 2021.

During the financial year the Company incurred one-off net costs of £0.9m which were due to the additional costs associated with trading in a COVID secure environment as well as organisational restructuring (note 4).

#### **Statement by the directors on the performance of their statutory duties in accordance with s172(1) of the Companies Act 2006**

The Board of directors of Welcome Break Group Limited consider, both individually and collectively, that they have acted in ways that they believe in good faith to be most likely to promote the success of the business for the benefit of its members as a whole (having regard to the stakeholders and other matters set out in s172(1) of the Act in the decisions they made during the year ended 31 December 2021.

The shareholders favour long term strategies and focus on shareholder value in terms of both long-term investment return (business value) and short-term investment return (dividend stream). The cornerstone of the business is the provision of services at Motorway Service Areas and the directors and management continue to assess customer needs and strive to improve the choice, value and quality of the offers available. The directors consider the key stakeholders of the business (in addition to the shareholders) to be: our customers, our team members, our franchise partners, our suppliers and our landlords.

We strive to operate in a manner which is considerate of our environmental responsibilities and continuously review our operations and utilities use to help build a more sustainable future. Some of the sustainable activities that we have introduced include:

- replacing lighting with energy efficient LEDs
- introducing Smart Meters to monitor and reduce energy usage
- growing the EV charging network
- replacing washroom hand dryers which only use a fraction of the energy of conventional dryers
- installation of efficient recycling systems to make sure that we were able to recycle responsibly and encourage our customers to do so
- food waste is removed from sites and disposed of anaerobically, not to landfill
- strong partnership with "Too Good To Go" across a number of brands and locations, to further reduce food waste

The brands we operate also have their own sustainability policies and we execute these according to their standards.

## **Welcome Break Group Limited**

### **Strategic report (continued)**

#### **Statement by the directors on the performance of their statutory duties in accordance with s172(1) of the Companies Act 2006 (continued)**

We recognise that our team members are vitally important to our success, and it is their skills, commitment and business experience that are key to delivering our strategy. We regularly ask for their opinions and the annual employee engagement survey is an important part of this. The results are carefully assessed, discussed and actioned. Transparency and openness are also important, and we welcome questions directly to senior management via open Q&A sessions at company conferences.

As a visible presence on the UK's motorways our role in the community is key and our relationship with Children in Need has been in place for over a decade with over £5m raised to date. This comes through the support from our customers but also from our team members who drive this relationship with enthusiasm through a variety of fund raising activities and challenges.

The Board of directors are committed to ensuring that the business operates in a responsible manner for all its stakeholders, adhering to high standards of business conduct and good governance. We recognise that the maintenance of our good reputation is fundamental to our continuing ability to achieve profitable growth for the benefit of all our stakeholders in the future.

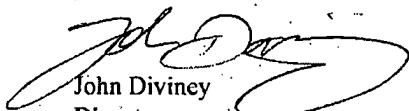
#### **Principal risks and uncertainties**

With regard to the Company, the principal risks and uncertainties are incorporated with the principal risks of the Group and are not managed separately. Therefore, the principal risks and uncertainties of Appia Group Limited, which include those of Welcome Break Group Limited, are discussed on page 3 of the Group's Annual report which does not form part of this report.

#### **Financial key performance indicators**

The directors of Appia Group Limited manage the Group's operations on a site by site basis and not a Company level. For this reason the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Welcome Break Group Limited. The development, performance and position of all the sites of Appia Group Limited, which includes the Company, are discussed on page 3 of the Group's Annual report, which does not form part of this report.

This report was approved by the board on 26 April 2022 and signed on its behalf by:



John Diviney  
Director

## **Welcome Break Group Limited**

### **Directors' report**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

### **Future developments**

Despite the lockdown at the beginning of 2021 somewhat impacting trade, although not materially, current trading is healthy and has been approaching near normal levels. Management will continue to monitor the risk of further COVID related restrictions and is reassured that the business has been able to manage and mitigate the impact through unit closures and amended trading hours.

The business is continuing to invest with the long term in mind including active plans to expand EV charging.

### **Going Concern**

In completing their going concern assessment, the directors have considered the forecasts and projections of the business undertaken by the group headed by Appia Group Limited, referred to as 'the business' below. The Company is a subsidiary of Appia Group Limited. Appia Group Limited has a number of borrowing facilities, including loans held by Welcome Break Group Limited. The loans held by Welcome Break Group Limited are subject to financial covenants that are measured on the performance of the group of companies headed by Welcome Break Holdings (1) Limited. The Company is a subsidiary of Welcome Break Holdings (1) Limited.

The business's principal activity is the operation of Motorway Service Areas ("MSAs"). The impact of COVID had been significant on the business during 2020 however, the effect was much less severe during 2021.

At the start of the year a national lockdown was in place which reduced motorway traffic and turn-ins to sites to around 55% of normal levels. The impact on full year results was minor due to this lockdown being in relatively quieter winter period. Easter performance was down on normal years although by this time, traffic and transactions returned with restrictions being released and vaccines being rolled out. The business benefitted from the return to more normal trading over the summer period following the release of restrictions, with exceptional results and record weekly sales at many MSA sites. There was significant pent-up demand from the travelling public who were keen to visit family and friends and attend events which had not been possible for much of the previous 16 months. With foreign travel proving difficult and expensive, the "UK Staycation" was prevalent during this period of 2021 which benefitted the sector.

Trade for the remainder of the year remained strong. Traffic was below usual levels due to homeworking and reduced coach traffic but spend per transaction remained strong. This reflects a changing trend in transactions with marginally lower commuter trade during weekdays and higher leisure trade at weekends. The continuation of the strong trading performance, particularly the ongoing spend benefit is also noticeable during the start of 2022. The expectation for 2022 is that the UK will experience another "Staycation" effect during the summer, again leading to a very robust peak trading performance during the key months of June to September.

## **Welcome Break Group Limited**

### **Directors' report (continued)**

#### **Going Concern (continued)**

The business returned to an "on budget" performance in May 2021 and results have continued to be strong since. Even with early 2021 lockdown in place, the company is trading ahead of both budget and 2019.

The revised (waiver) covenants were comfortably met during 2020 and 2021, and with trading in the second half of 2021 stronger than anticipated as restrictions were eased, the return to the original covenants was achieved in June 2021.

Management have prepared forecast scenarios covering the next 12-18 months. Having reviewed detailed cashflow forecasts, the directors are comfortable that the business, and each company, will have sufficient liquidity to operate for at least the next 12 months, and have significant headroom in both. This position is continually monitored by the directors.

The business's forecasts and projections over the next 12-18 months indicate that the business will operate comfortably within its revised banking covenants and will be able to meet all contractual liabilities as they fall due. The directors therefore have a reasonable expectation that the Company and the Group have adequate resources to continue operating for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the financial statements.

#### **Dividends**

A dividend of £30.0m was paid during the year (year ended 31 December 2020: £nil). The directors do not propose the payment of a final dividend for the year ended 31 December 2021 (year ended 31 December 2020: £nil).

#### **Key financial and business risks**

The exposures and the measures taken to mitigate financial and business risks are reviewed by the directors on a regular basis.

##### *Credit risk*

The majority of sales are cash or credit card therefore the Company is not exposed to any significant credit risk. For non cash sales the Group performs appropriate credit checks on potential customers before sales are made.

##### *Liquidity risk*

The Group maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions.

##### *Interest rate cash flow risk*

Interest rate swaps are used to manage interest rate risk.

##### *Foreign exchange risk*

As the Group only trades in the United Kingdom it is not exposed to any material foreign exchange risk.

## **Welcome Break Group Limited**

### **Directors' report (continued)**

#### **Directors**

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

Charles Hazelwood  
Surinder Toor  
Niall Dolan  
Joseph Barrett  
John Diviney

#### **Property values**

In the opinion of the directors there were no significant differences in aggregate between the market value and book value of the Group's freehold and leasehold interests at 31 December 2021.

#### **Qualifying third party indemnity provision**

A qualifying third party indemnity provision was in place for the Company's directors and officers during the financial year and at the date of approval of the financial statements.

#### **Environment**

The Company is committed to conducting its business in a manner which shows responsibility towards the environment, and in ensuring high standards of health and safety for its employees, visitors and the general public. The Company is further committed to taking into account the effect of its working practices upon the environment and in minimising potential negative effects. The Company complies with all statutory and mandatory requirements.

#### **Employment policies**

The employment policies of Welcome Break Group Limited embody the principles of equal opportunity. This includes suitable procedures to support the Company's policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

The Company recognises the value of employee involvement in effective communications and the need for their contribution to decision making on matters affecting their jobs. To achieve employee involvement at the most relevant level there is a framework for consultation and information, having regard to the mix and locations of the employee population. Management and employees have joint responsibility for maintaining a regular dialogue on matters of local significance that affect them. It is the Company's policy to communicate information on corporate issues at least twice a year via the management of the business and through employee reports and an online company information system.



## **Welcome Break Group Limited**

### **Directors' report (continued)**

#### **Streamlined energy and carbon reporting**

Under changes introduced by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SI 2018/1155'), certain companies are now obliged to report their UK energy use and associated greenhouse gas ('GHG') emissions in their financial statements. Welcome Break Group Limited's emissions are included within the necessary disclosures on SECR on page 7 of Welcome Break Holdings (1) Limited's financial statements.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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**

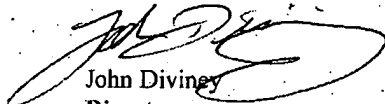
In the case of each director in office at the date the Directors' Report is approved:

- 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.

## **Welcome Break Group Limited**

### **Directors' report (continued)**

This report was approved by the board on 26 April 2022 and signed on its behalf by:



John Diviney  
Director



# Independent auditors' report to the members of Welcome Break Group Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Welcome Break Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Statement of comprehensive income 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.

# Independent auditors' report to the members of Welcome Break Group Limited (continued)

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.

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 31 December 2021 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 in respect of the financial statements, 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.

# Independent auditors' report to the members of Welcome Break Group Limited (continued)

## **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, taxation regulations, Coronavirus Job Retention Scheme, Pensions Act 2014 and the Gambling Act 2005, 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:

- enquiries of management, walkthrough procedures to understand and evaluate the controls designed to prevent and detect irregularities and fraud, and consideration of known or suspected instances of non-compliance with laws and regulations, and fraud;
- challenging assumptions made by management in their accounting estimates, for example in relation to defined benefit pension obligations, business rates refunds, depreciation of fixed assets, and recoverability of deferred tax assets, investments, fixed assets, intercompany and trade receivables;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, posted by unusual users, and journal entries with specific defined descriptions;
- review of board minutes and legal expenses to identify any inconsistencies with other information provided by management; and
- incorporating elements of unpredictability.

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](http://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.

# Independent auditors' report to the members of Welcome Break Group Limited (continued)

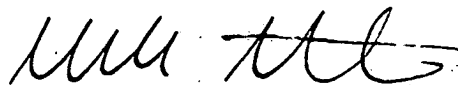
## Other required reporting

### **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.



Mark Foster (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes  
28 April 2022

## Welcome Break Group Limited

### Statement of comprehensive income for the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>TURNOVER</b>	3	237,475	168,946
Cost of sales		(160,132)	(120,012)
<b>GROSS PROFIT</b>		77,343	48,934
Selling and distribution costs		(62,745)	(56,329)
Administrative expenses		(11,458)	(13,603)
Other operating income	4	2,258	8,167
<b>OPERATING PROFIT/(LOSS)</b>	4	5,398	(12,831)
Income from investment in joint venture		947	169
Income from shares in group undertakings	24	75,000	-
Interest receivable and similar income	8	34	35
Interest payable and similar expenses	9	(12,859)	(12,779)
Other finance expense	10	(258)	(223)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		68,262	(25,629)
Tax on profit/(loss)	11	(3,556)	4,108
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		64,706	(21,521)
Actuarial gains/(losses) on defined benefit pension scheme	26	958	(897)
Cash flow hedges			
Change in value of hedging instrument		7,344	(4,496)
Total tax on components of other comprehensive income/(expense)	11	(1,924)	912
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR</b>		6,378	(4,481)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR</b>		71,084	(26,002)

# Welcome Break Group Limited

## Balance sheet as at 31 December 2021

		31 December 2021	31 December 2020
	Note	£'000	£'000
<b>FIXED ASSETS</b>			
Intangible assets	12	2,651	2,975
Tangible assets	13	61,906	61,728
Investments	14	399,799	399,799
Pension asset	26	1,546	559
		<b>465,902</b>	<b>465,061</b>
<b>CURRENT ASSETS</b>			
Stocks	15	3,935	3,263
Debtors: amounts falling due after more than one year	16	1,109	3,817
Debtors: amounts falling due within one year	16	206,052	210,109
Cash at bank and in hand	17	104,966	72,964
		<b>316,062</b>	<b>290,153</b>
<b>CREDITORS: amounts falling due within one year</b>	18	<b>(418,483)</b>	<b>(438,776)</b>
<b>NET CURRENT LIABILITIES</b>		<b>(102,421)</b>	<b>(148,623)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>363,481</b>	<b>316,438</b>
<b>CREDITORS: amounts falling due after more than one year</b>	19	<b>(345,420)</b>	<b>(340,521)</b>
Provisions for liabilities	22	(1,447)	(440)
<b>NET ASSETS/(LIABILITIES)</b>		<b>16,614</b>	<b>(24,523)</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	23	15	15
Cash flow hedge reserve	24	1,819	(5,525)
Share based payments reserve	24	72	19
Profit and loss account	24	14,708	(19,032)
<b>TOTAL SHAREHOLDERS' FUNDS/(DEFICIT)</b>		<b>16,614</b>	<b>(24,523)</b>

The financial statements on pages 13 to 42 were approved and authorised for issue by the board on 26 April 2022 and were signed on its behalf by:

  
John Diviney

Director

Registered number: 3147949

The notes on pages 16 to 42 form part of these financial statements.



# Welcome Break Group Limited

## Statement of changes in equity for the year ended 31 December 2021

	Called up share capital	Cash flow hedge reserve	Share based payment reserve	Profit and loss account	Total shareholders' (deficit)/funds
	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	15	(5,525)	19	(19,032)	(24,523)
<b>Comprehensive income for the financial year</b>					
Profit for the financial year	-	-	-	64,706	64,706
Actuarial gain on defined benefit pension scheme	-	-	-	958	958
Cash flow hedges					
-Change in value of hedging instrument	-	7,344	-	-	7,344
Total tax on components of other comprehensive income	-	-	-	(1,924)	(1,924)
<b>Total comprehensive income for the financial year</b>	-	7,344	-	63,740	71,084
Share based payment	-	-	53	-	53
Dividend paid	-	-	-	(30,000)	(30,000)
<b>Total transactions with owners, recognised directly in equity</b>	-	-	53	(30,000)	(29,947)
<b>At 31 December 2021</b>	<b>15</b>	<b>1,819</b>	<b>72</b>	<b>14,708</b>	<b>16,614</b>

## Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Cash flow hedge reserve	Share based payment reserve	Profit and loss account	Total shareholders' funds/(deficit)
	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	15	(1,029)	-	2,474	1,460
<b>Comprehensive expense for the financial year</b>					
Loss for the financial year	-	-	-	(21,521)	(21,521)
Actuarial loss on defined benefit pension scheme	-	-	-	(897)	(897)
Cash flow hedges					
-Change in value of hedging instrument	-	(4,496)	-	-	(4,496)
Total tax on components of other comprehensive expense	-	-	-	912	912
<b>Total comprehensive expense for the financial year</b>	-	(4,496)	-	(21,506)	(26,002)
Share based payment	-	-	19	-	19
<b>Total transactions with owners, recognised directly in equity</b>	-	-	19	-	19
<b>At 31 December 2020</b>	<b>15</b>	<b>(5,525)</b>	<b>19</b>	<b>(19,032)</b>	<b>(24,523)</b>

The notes on pages 16 to 42 form part of these financial statements.

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **1 Principal accounting policies**

##### **(i) General information**

Welcome Break Group Limited's ('the Company') principal activity is the operation of motorway service areas and motels.

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is: 2 Vantage Court, Tickford Street, Newport Pagnell, Buckinghamshire MK16 9EZ.

##### **(ii) Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for the measurement of certain financial instruments at fair value, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

In completing their going concern assessment, the directors have considered the forecasts and projections of the business undertaken by the group headed by Appia Group Limited, referred to as 'the business' below. The Company is a subsidiary of Appia Group Limited. Appia Group Limited has a number of borrowing facilities, including loans held by Welcome Break Group Limited. The loans held by Welcome Break Group Limited are subject to financial covenants that are measured on the performance of the group of companies headed by Welcome Break Holdings (1) Limited. The Company is a subsidiary of Welcome Break Holdings (1) Limited.

The business's principal activity is the operation of Motorway Service Areas ("MSAs"). The impact of COVID had been significant on the business during 2020 however, the effect was much less severe during 2021.

At the start of the year a national lockdown was in place which reduced motorway traffic and turn-ins to sites to around 55% of normal levels. The impact on full year results was minor due to this lockdown being in relatively quieter winter period. The lessons learned from previous lockdowns managing costs further mitigated the impact in the year. Easter performance was down on normal years although by this time, traffic and transactions returned with restrictions being released and vaccines being rolled out.

The business benefitted from the return to more normal trading over the summer period following the release of restrictions, with exceptional results and record weekly sales at many MSA sites. There was significant pent-up demand from the travelling public who were keen to visit family and friends and attend events which had not been possible for much of the previous 16 months. With foreign travel proving difficult and expensive, the "UK Staycation" was prevalent during this period of 2021 which benefitted the sector.

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Principal accounting policies (continued)**

##### **(ii) Basis of preparation (continued)**

Trade for the remainder of the year remained strong. Traffic was below usual levels due to homeworking and reduced coach traffic but spend per transaction remained strong. This reflects a changing trend in transactions with marginally lower commuter trade during weekdays and higher leisure trade at weekends. The continuation of the strong trading performance, particularly the ongoing spend benefit is also noticeable during the start of 2022. The expectation for 2022 is that the UK will experience another "Staycation" effect during the summer, again leading to a very robust peak trading performance during the key months of June to September.

The business returned to an "on budget" performance in May 2021 and results have continued to be strong since. Even with early 2021 lockdown in place, the company is trading ahead of both budget and 2019.

The revised (waiver) covenants were comfortably met during 2020 and 2021, and with trading in the second half of 2021 stronger than anticipated as restrictions were eased, the return to the original covenants was achieved in June 2021.

Management have prepared forecast scenarios covering the next 12-18 months. Having reviewed detailed cashflow forecasts, the directors are comfortable that the business, and each company, will have sufficient liquidity to operate for at least the next 12 months, and have significant headroom in both. This position is continually monitored by the directors.

The business's forecasts and projections over the next 12-18 months indicate that the business will operate comfortably within its revised banking covenants and will be able to meet all contractual liabilities as they fall due. The directors therefore have a reasonable expectation that the Company and the Group have adequate resources to continue operating for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the financial statements.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **(iii) Exemptions for qualifying entities under FRS102**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland":

- the requirement to prepare a statement of cash flows. [Section 7 of FRS102 and para 3.17(d)]
- the non-disclosure of key management personnel compensation in total. [FRS 102 para 33.7].

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Principal accounting policies (continued)**

##### **(iii) Exemptions for qualifying entities under FRS102 (continued)**

This information is included in the consolidated financial statements of Appia Group Limited for the year ended 31 December 2021. Copies of Appia Group Limited's consolidated financial statements can be obtained from Companies House (as an Appendix to Appia Europe Limited).

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and Appia Group Limited includes the Company's cash flow in its own consolidated financial statements.

##### **(iv) Consolidated financial statements**

These financial statements contain information about Welcome Break Group Limited as an individual company and do not contain consolidated financial information. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Appia Group Limited, a company incorporated in Jersey.

##### **(v) Related party transactions**

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

##### **(vi) Turnover**

Turnover which excludes value added tax and discounts represents the amounts receivable for goods sold and services provided and includes rents receivable under operating leases.

The Company recognises turnover for goods and services when, and to the extent that, the Group obtains the right to consideration in exchange for its performance and specifically for:

a) retail sales – the Company operates retail shops, catering units and forecourts for the sale of a range of branded products and fuel. Sales of goods are recognised on sale to the customer at the point of sale. Retail sales are usually settled by cash, credit card or fuel card.

Refunds are not provided for as the value of these is insignificant and difficult to estimate reliably.

b) hotel sales – revenue derived from hotel operations includes the rental of rooms and food and beverage sales. Revenue is recognised when the rooms are occupied and food and beverages are sold. Hotel sales are usually settled by credit card or credit account.

c) gaming income – the Company recognises takings due from playing gaming machines less any payouts as turnover at the point the machine is played.

d) parking sales – the Company receives income for parking from private and commercial contracts

Under specific agreements where the Company acts as an agent and receives a commission for the sale of certain products the amounts included within turnover represent the commission receivable on these transactions.

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Principal accounting policies (continued)**

##### **(vi) Turnover (continued)**

Where turnover is invoiced in advance it is deferred on the balance sheet and is recognised as turnover in the year to which it relates.

##### **(vii) Pensions**

###### **Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

###### **Defined benefit pension plan**

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the year; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Principal accounting policies (continued)**

##### **(viii) Operating leases: lessee**

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

##### **(ix) Operating leases: lessor**

Rentals received under operating leases are credited to the profit or loss on a straight line basis over the period of the lease.

##### **(x) One-off items**

The Company identifies one-off charges or credits that have a material impact on the Company's financial results and discloses these separately to provide further understanding of the financial performance of the Company.

##### **(xi) Government grants**

Government grant income is recognised, using the accrual model, where the Company has complied with the scheme conditions and is virtually certain the grant income will be received, as other operating income within the statement of comprehensive income.

##### **(xii) Finance costs**

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **(xiii) Interest income**

Interest income is recognised in the statement of comprehensive income in the financial year in which they are received.

##### **(xiv) Taxation**

###### **Current tax**

Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

###### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date.

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Principal accounting policies (continued)**

##### **(xiv) Taxation (continued)**

###### **Deferred tax (continued)**

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

##### **(xv) Goodwill**

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired and is amortised over its useful economic life. Goodwill relates to the acquisition of two Starbucks stores. The goodwill is being amortised over the life of the lease which is 13 years.

##### **(xvi) Intangible assets**

Intangible assets (excluding goodwill) are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the depreciable amount of the assets to their residual values over their estimated useful lives as follows:

Software	5 years
----------	---------

Amortisation is included in administrative expenses in the statement of comprehensive income.

##### **(xvii) Tangible fixed assets and depreciation**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Principal accounting policies (continued)**

##### **(xvii) Tangible fixed assets and depreciation (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method as follows:

Freehold property	-	50 years
Leasehold property	-	over the term of the lease or useful life, whichever is lower
Plant and machinery	-	20 years
Fixtures, fittings and equipment	-	5-10 years

Capitalisation of costs in respect of constructing property, plant and equipment commences when it is probable that future economic benefits associated with the asset will flow into the Company, the costs are directly attributable to the related asset and required to bring the asset into working condition. These costs are classified as Assets under construction and are not depreciated until they are available for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

##### **(xviii) Leased assets**

###### **a) Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

###### **b) Lease incentives**

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

##### **(xix) Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

##### **(xx) Fixed asset investments**

Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment.



## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Principal accounting policies (continued)**

##### **(xxi) Cash and cash equivalents**

Cash is represented by cash in hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

##### **(xxii) Financial instruments**

The Company only enters into financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. Sections 11 and 12 of FRS102 are applied in the recognition and measurement of financial instruments.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables and receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) At fair value with changes recognised in the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) At cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# **Welcome Break Group Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **1 Principal accounting policies (continued)**

#### **(xxiii) Hedge accounting**

The Company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

#### **(xxiv) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be estimated reliably.

The amount recognised as provisions is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The effect of the time value of money is not material and therefore the provisions are not discounted.

#### **(xxv) Dividend distribution**

Final dividends to the company's shareholders are recognised as a liability in the group's financial statements in the year in which dividends are approved by the company's shareholders. Interim dividends are recognised when paid.

#### **(xxvi) Share capital**

Ordinary shares are recognised as equity.

#### **(xxvii) Share-based payments**

Employees of the Company participate in a share-based payment arrangement established by the ultimate controlling party. The employees are granted share options over equity shares of Applegreen Limited (formerly plc). The fair value of the share options is measured at the grant date. The Company recognises a share-based payment expense in the Statement of Comprehensive income, based on the grant date fair value of the share options, on a straight-line basis over the vesting period, with adjustment to equity as a capital contribution.

### **2 Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the year in which the estimate is revised.

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

The Directors believe that the most critical accounting policies and significant areas of judgement and estimation arise from the accounting for:

##### **(a) Defined benefit pension scheme**

The Directors engage a qualified independent actuary to calculate the Group's asset/liability in respect of its defined benefit pension scheme. In calculating this asset/liability, it is necessary for actuarial assumptions and estimates to be made, which include discount rates, salary and pension increases, price inflation, the long term rate of return upon scheme assets and mortality. As actual rates of increase and mortality may differ from those assumed, the pension asset/liability may differ from that included in these Financial Statements.

##### **(b) Deferred tax**

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing, nature and level of future taxable income. The recognition of deferred tax assets relating to tax losses carried forward relies on profit projections and taxable profit forecasts prepared by management, where a number of assumptions are required based on the levels of growth in profits and the reversal of deferred tax.

##### **(c) Depreciation**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement.

The useful lives of the Company's assets are determined by management at the time the asset is acquired. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

##### **(d) Impairment of assets**

The carrying amounts of the Company's tangible assets are reviewed annually to determine whether there is any indication of impairment. The recoverable amounts of each site has been determined based on value-in-use calculations which require the use of estimates including cash flow forecasts, the determination of an appropriate weighted average cost of capital (WACC) and fair value determined by external valuers. Such estimates are subject to change as a result of changing economic conditions. As forecasting future cash flows is dependent upon the Company's ability to generate returns from the assets invested across its portfolio of sites, estimates are required in relation to future cashflows which will support the asset value. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

##### **(e) Business Rates**

At the year end the Company is in negotiation with the Valuation Office on the business rates payable for its motorway service areas. The business rate costs recognised in the results are based on guidance from professional advisors and reflects the Company's best estimate of the cost to the business for the period and the refund expected from local authorities.

## Welcome Break Group Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 3 Turnover

Turnover is attributable to the Company's principal activity being the operation of motorway service areas and motels.

Analysis of turnover by category:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Sales of goods and services	236,948	168,324
Rent receivable under operating leases (note 1(vi) and (ix))	527	622
	<b>237,475</b>	<b>168,946</b>

All turnover arose in the United Kingdom.

#### 4 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Inventory recognised as an expense	154,371	117,387
Amortisation of intangible assets (note 12)	527	407
Impairment of intangible assets (note 12)	605	341
Depreciation of tangible fixed assets (note 13)	3,994	5,301
Impairment of tangible fixed assets (note 13)	762	-
Operating lease charges – land and buildings	15,804	13,840
Operating lease charges – plant and machinery	964	477
(Profit)/loss on disposal	(3)	36
Other pension costs (note 26)	1,381	1,637

Included in the Statement of comprehensive income are items that Management consider to be one-off in nature which total net costs of £918,000 (year ended 31 December 2020: £1,868,000). These items are – operational restructuring £357,000 (year ended 31 December 2020: £979,000) and additional operating costs relating to the Covid pandemic of £561,000 (year ended 31 December 2020: £889,000).

The company has received £1,311,000 (year ended 31 December 2020: £4,907,000) in grants relating to the Coronavirus Job Retention Scheme and £ nil in grants relating to the Eat Out to Help Out Scheme (year ended 31 December 2020: £385,000) and this income is reported in Other Operating Income in the Statement of Comprehensive Income.

## Welcome Break Group Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 5 Auditors' remuneration

##### Services provided by Group's auditors and its associates

During the year the Group obtained the following services from the Group's auditors and its associates:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Fees payable to Group's auditors for the audit of ultimate parent company and consolidated financial statements	366	284
Additional fees payable to Group's auditors relating to the previous financial year	35	-
Fees payable to the Group's auditors and its associates for other services:		
Audit related assurance services	25	-
Tax services	20	110
Other non-audit services	-	11
	<b>446</b>	<b>405</b>

Auditors' remuneration for the audit of all group companies and their financial statements is borne by Welcome Break Group Limited. The total amount payable for the current financial year is £366,000 (year ended 31 December 2020: £284,000). The fee allocated to Welcome Break Group Limited is £158,000 (year ended 31 December 2020: £139,000). Additional audit costs charged in 2021 relating to the previous financial year are £35,000 of which the fee allocated to Welcome Break Group Limited is £20,000 (year ended 31 December 2020: £nil).

#### 6 Directors' emoluments

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Aggregate emoluments	448	386
Defined contribution pension scheme	13	11
	<b>461</b>	<b>397</b>

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **6 Directors' emoluments (continued)**

In the year ended 31 December 2021 one current director (year ended 31 December 2020: one current director) was remunerated by Welcome Break Group Limited and the amount receivable is disclosed in its financial statements. It is not possible to make an accurate apportionment of their emoluments in respect of each of the group companies. The remaining directors received no remuneration for services provided to Appia Group Limited or any of its subsidiaries.

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>Highest paid director</b>		
Aggregate emoluments	448	386
Defined contribution pension scheme	13	11
	<b>461</b>	<b>397</b>

#### **7 Employee information**

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	27,628	27,284
Social security costs	2,343	2,092
Other pension costs	1,381	1,637
Share-based payments	53	19
	<b>31,405</b>	<b>31,032</b>

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
<b>By activity:</b>		
- operational	1,243	1,274
- managerial and administrative	137	144
	<b>1,380</b>	<b>1,418</b>

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **8 Interest receivable and similar income**

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Bank and other interest	34	35

#### **9 Interest payable and similar expenses**

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Bank interest payable	(12,082)	(11,967)
Amortisation of issue costs of loan	(745)	(729)
Other interest and similar charges payable	(32)	(83)
	(12,859)	(12,779)

#### **10 Other finance expense**

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Net interest expense on net defined benefit asset (note 26)	(258)	(223)

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **11 Tax on profit/(loss)**

##### **a) Tax on profit/(loss)**

The tax charge is made up as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>Current tax:</b>		
Group relief receivable	(216)	(3,240)
Adjustments in respect of prior periods	1,896	(90)
<b>Total current tax</b>	<b>1,680</b>	<b>(3,330)</b>
<b>Deferred tax:</b>		
Deferred taxation: origination and reversal of timing differences	3,543	(610)
Deferred taxation: adjustments in respect of prior periods	(1,462)	64
Deferred taxation: changes in tax rates	(205)	(232)
<b>Total deferred tax</b>	<b>1,876</b>	<b>(778)</b>
<b>Tax on profit/(loss)</b>	<b>3,556</b>	<b>(4,108)</b>

##### **b) Tax included in other comprehensive expense**

The tax credit is made up as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>Deferred tax:</b>		
Deferred taxation on timing differences	1,924	(912)



## Welcome Break Group Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 11 Tax on profit/(loss) (continued)

The tax assessed for the current year varies (year ended 31 December 2020: varies) from the standard rate of corporation tax in the UK of 19% (year ended 31 December 2020: 19%). The differences are explained below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>Profit/(loss) before taxation</b>	68,262	(25,629)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax in the UK of 19% (year ended 31 December 2020: 19%)	12,970	(4,870)
<b>Effects of:</b>		
Income not subject to tax	(14,250)	(190)
Expenses not deductible for tax	814	437
Adjustments in respect of prior periods	434	(26)
Tax adjustment for transfer pricing	1,038	773
Impact of super deductions	(60)	-
Utilisation of losses	2,815	-
Re-measurement of deferred tax – change in UK tax rate	(205)	(232)
<b>Total tax charge/(credit) for the financial year</b>	<b>3,556</b>	<b>(4,108)</b>

In the Spring Budget 2021 the Government announced the corporation tax rate would remain at 19% until 1 April 2023. On 1 April 2023 the corporation tax rate will change to 25%. This new law was substantively enacted on 11 March 2021.

The deferred tax disclosures in the financial statements include balances measured at 19% and 25%, as these were the tax rates in force at the balance sheet date.

#### 12 Intangible assets

	Goodwill £'000	Computer software £'000	Assets under construction £'000	Total £'000
<b>Cost</b>				
At 1 January 2021	3,407	878	-	4,285
Additions	-	792	16	808
<b>At 31 December 2021</b>	<b>3,407</b>	<b>1,670</b>	<b>16</b>	<b>5,093</b>
<b>Accumulated amortisation</b>				
At 1 January 2021	1,170	140	-	1,310
Charge for the year	242	285	-	527
Impairment in the year	605	-	-	605
<b>At 31 December 2021</b>	<b>2,017</b>	<b>425</b>	<b>-</b>	<b>2,442</b>
<b>Net book value</b>				
At 31 December 2021	1,390	1,245	16	2,651
At 31 December 2020	2,237	738	-	2,975

## Welcome Break Group Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 12 Intangible assets (continued)

Goodwill arose on the acquisition of two Starbucks stores at Baldock and Beaconsfield.

#### 13 Tangible assets

	Land and buildings		Plant and machinery	Fixtures, fittings and equipment	Assets under construction	Total
	Freehold	Leasehold				
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 January 2021	504	65,789	16,699	61,598	-	144,590
Additions	-	520	1,127	2,393	1,096	5,136
Disposals	-	(87)	-	(42)	-	(129)
Reclassifications/transfers	(2)	2	7	(135)	-	(128)
<b>At 31 December 2021</b>	<b>502</b>	<b>66,224</b>	<b>17,833</b>	<b>63,814</b>	<b>1,096</b>	<b>149,469</b>
<b>Accumulated depreciation</b>						
At 1 January 2021	4	25,551	7,341	49,966	-	82,862
Charge for the year	10	445	824	2,715	-	3,994
Impairment in the year	-	762	-	-	-	762
Disposals	-	(13)	-	(42)	-	(55)
<b>At 31 December 2021</b>	<b>14</b>	<b>26,745</b>	<b>8,165</b>	<b>52,639</b>	<b>-</b>	<b>87,563</b>
<b>Net book value</b>						
<b>At 31 December 2021</b>	<b>488</b>	<b>39,479</b>	<b>9,668</b>	<b>11,175</b>	<b>1,096</b>	<b>61,906</b>
At 31 December 2020	500	40,238	9,358	11,632	-	61,728

The net book value of land and building may be further analysed as follows:

	31 December 2021 £'000	31 December 2020 £'000
Freehold	488	500
Long leasehold	220	241
Short leasehold	39,259	39,997
	<b>39,967</b>	<b>40,738</b>

#### 14 Investments

	£'000
At 1 January 2021 and 31 December 2021	<b>399,799</b>

## Welcome Break Group Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 14 Investments (continued)

Investments in subsidiaries comprise holdings of ordinary shares in the following entities which are incorporated in Great Britain and registered in England and Wales and of which all the trading companies are operators of motorway service areas and motels:

	% of shares held
<b>Direct subsidiary undertakings</b>	
Welcome Break Limited	100
Welcome Break KFC Limited	100
Welcome Break Coffee Primo Limited	100
Welcome Break KFC Starbucks Limited	100
Welcome Break Birchanger Limited	100
Welcome Break Burger King Limited	100
Welcome Break Waitrose Limited	100
Welcome Break McDonald's Limited	100
Coffee Primo Burger King Limited	100
Welcome Break Waitrose KFC Limited	100
Welcome Break Starbucks Waitrose KFC Limited	100
Welcome Break Starbucks Burger King Limited	100
Welcome Break Starbucks McDonald's Limited	100
Welcome Break Starbucks Waitrose Burger King Limited	100
Starbucks Coffee Burger King Limited	100
Starbucks Coffee KFC Limited	100
Starbucks Coffee McDonald's Limited	100
Starbucks Coffee Waitrose Limited	100
Starbucks Coffee Waitrose KFC Limited	100
Starbucks Coffee McDonald's Waitrose Limited	100
<b>Indirect subsidiary undertakings</b>	
Motorway Services Limited	92
<b>Joint venture</b>	
Welcome Break Gretna Green Partnership	50

The remaining 50% interest in Welcome Break Gretna Green Partnership is owned by Welcome Break Limited.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The registered office for all of the investments above is 2 Vantage Court, Tickford Street, Newport Pagnell, Buckinghamshire MK16 9EZ.

#### 15 Stocks

	31 December 2021 £'000	31 December 2020 £'000
Finished goods and goods for resale	3,935	3,263

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **15 Stocks (continued)**

There is no significant difference between the replacement cost of stock and its carrying amount. Inventory recognised as an expense is included in note 4.

#### **16 Debtors**

	31 December 2021 £'000	31 December 2020 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	11,408	12,221
Amounts owed by group undertakings	190,000	190,000
Other debtors	1,630	1,740
Prepayments and accrued income	3,014	6,148
	<b>206,052</b>	<b>210,109</b>

The amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

	31 December 2021 £'000	31 December 2020 £'000
<b>Amounts falling due after more than one year</b>		
Deferred tax asset	874	3,817
Derivative financial instruments	235	-
	<b>1,109</b>	<b>3,817</b>

#### **Deferred tax asset**

	31 December 2021 £'000	31 December 2020 £'000
Excess of depreciation over capital allowances	852	2,725
Short term timing differences	22	25
Derivative financial instruments	-	1,067
	<b>874</b>	<b>3,817</b>
		<b>£'000</b>
At 1 January 2021		3,817
Charged to profit and loss account		(1,876)
Transfer derivative financial instrument to provisions		(1,067)
<b>At 31 December 2021</b>		<b>874</b>

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **17 Cash at bank and in hand**

	31 December 2021 £'000	31 December 2020 £'000
Cash at bank and in hand	104,966	72,964

#### **18 Creditors: amounts falling due within one year**

	31 December 2021 £'000	31 December 2020 £'000
Bank loans	9,094	34,494
Trade creditors	47,068	35,446
Amounts owed to group undertakings	332,044	348,634
Other creditors	5,701	4,179
Other taxation and social security	13,543	6,737
Dividends on cumulative participating redeemable preference (CPRP) shares	1,114	1,114
Accruals and deferred income	9,919	8,172
	418,483	438,776

The Senior Bank Loan includes a £10m Revolving Credit Facility. £9.1m of the revolving credit facility has been drawn down (31 December 2020: £34.5m). £25.4m of the capital facility that was temporarily repurposed to become an additional working capital facility in 2020 was repaid in the year.

The amounts owed to fellow group undertakings are unsecured, interest free and are repayable on demand.

#### **19 Creditors: amounts falling due after more than one year**

	31 December 2021 £'000	31 December 2020 £'000
Bank loans	339,630	330,226
Derivative financial instruments	-	7,143
Other creditors	5,790	3,152
	345,420	340,521

On 12 November 2019 Welcome Break Group Limited completed a refinancing and obtained new long-term borrowings comprising of a £165m seven year Senior Bank Loan and a £165m ten year Institutional Term Loan. The new Senior Bank Loan includes a £30m Capital Facility and a £10m Revolving Credit Facility. £13.0m of the £30m capital facility has been drawn as at 31 December 2021.

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **19 Creditors: amounts falling due after more than one year (continued)**

The interest rate on the Senior Bank Loan is at LIBOR plus 1.95% in year 1, 2.0% in years 2 and 3, 2.1% in year 4, 2.25% in year 5, 2.45% in year 6 and 2.55% in the final year. Interest is paid quarterly in arrears in cash. From 1 January 2022 LIBOR is being replaced with SONIA (note 21).

The interest rate on the Institutional Term Loan is at 3.47%. Interest is paid half yearly in arrears.

The issue costs of the new Senior Bank Loan totalled £4,261,000 (31 December 2020: £4,199,000) and are being amortised over the term of the loan.

The un-amortised amount of these costs was £3,086,000 as at 31 December 2021 (31 December 2020: £3,537,000).

The issue costs of the new Institutional Term Loan totalled £1,427,000 (31 December 2020: £1,427,000) and are being amortised over the term of the loan.

The un-amortised amount of these costs was £1,123,000 as at 31 December 2021 (31 December 2020: £1,265,000).

In order to show the Welcome Break Group Limited's net borrowings the loan and the issue costs have been offset.

The bank loans are secured by way of fixed and floating charges over the assets of Welcome Break Holdings (1) Limited, Welcome Break Holdings (2) Limited, Welcome Break Group Limited, Welcome Break Limited and Gretna Green Partnership.

#### **20 Loans**

The maturity profile of all loans (excluding unamortised issue costs) is as follows:

	31 December 2021 £'000	31 December 2020 £'000
Within one year	9,094	34,494
After five years	343,000	334,600
	<b>352,094</b>	<b>369,094</b>

#### **21 Financial instruments**

	31 December 2021 £'000	31 December 2020 £'000
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Amounts owed by group undertakings	190,000	190,000
Trade debtors	11,408	12,221
Other debtors	1,630	1,740
	<b>203,038</b>	<b>203,961</b>

## **Welcome Break Group Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **21 Financial instruments (continued)**

	31 December 2021 £'000	31 December 2020 £'000
<b>Financial liabilities measured at amortised cost</b>		
Bank loans	348,724	364,720
Amounts owed to group undertakings	332,044	348,634
Trade creditors	47,068	35,446
Other creditors	11,491	4,179
Accruals	8,972	7,701
	<b>748,299</b>	<b>760,680</b>
<b>Financial instruments measured at fair value</b>		
Interest rate swap	235	(7,143)

#### **Derivative financial instruments – Interest rate swaps**

On 12 November 2019 the Group terminated its existing interest rate swap agreements, to hedge the Group's exposure to interest rate movements, on the old senior loan facility. The fair value of these swaps at 12 November 2019 was a liability of £2,117,000. At 31 December 2021 £2,073,000 (year ended 31 December 2020: £1,529,000) has been written off to the profit and loss account and the remaining balance of £44,000 will be written off over the remaining life of the original agreement ending January 2022.

In addition, on 12 November 2019, Welcome Break Group Limited entered into a new swap agreement for five years. As at 31 December 2021 the amount of debt covered by the interest rate swaps was £165,000,000 (year ended 31 December 2020: £165,000,000) at a fixed interest rate of 1.1255%. The fair value of the interest rate swaps at the year-end was an asset of £235,000 (year ended 31 December 2020: £7,143,000 liability). Hedge ineffectiveness of £578,000 of the new swap has been credited to the profit and loss account in the year (year ended 31 December 2020: £505,000).

Welcome Break Group Limited has followed the guidance of FRS 102, coupled with more detailed guidance of IFRS in dealing with the accounting treatment of these swap agreements.

Welcome Break Group Limited has two debt facilities; £165,000,000 Institutional Term Loans (ITL) which is at a fixed rate of interest, and is therefore unaffected by the transition to SONIA, and £165,000,000 Senior Facility, which is based on a margin plus LIBOR, and which is therefore impacted by the transition.

The £165,000,000 Senior Facility is fully hedged by interest rate swaps. The change to the benchmark rate (from LIBOR to SONIA) for the main facility agreement has also been applied to the related hedging documents. Because the Senior Facility is 100% hedged to a fixed rate of interest there will be no impact from the transition on the certainty of Welcome Break Group Limited's interest costs.

## Welcome Break Group Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 21 Financial instruments (continued)

##### Derivative financial instruments – Interest rate swaps (continued)

The final interest period under LIBOR, for both the Senior Facility and the interest rate swaps, is the quarter from 31 December 2021 to 31 March 2022 (using the published rate on the last day of LIBOR on 31 December 2021). The first quarter under SONIA for both the Senior Facility and the interest rate swaps will be from 31 March 2022 to 30 June 2022 and for every interest period thereafter until maturity.

Any new draw downs in the period from 31 December 2021 to 31 March 2022 will be based on SONIA.

#### 22 Provisions for liabilities

	Self-insurance costs £'000	Deferred tax £'000	Total £'000
At 1 January 2021	334	106	440
Charged to profit and loss for the year	654	280	934
Charged to statement of comprehensive income	-	1,644	1,644
Utilised in the year	(504)	-	(504)
Transferred from deferred tax asset	-	(1,067)	(1,067)
<b>At 31 December 2021</b>	<b>484</b>	<b>963</b>	<b>1,447</b>

Self-insurance costs have been provided for. These have been incurred but not reported or paid as at the balance sheet date and are expected to be utilised within the next 3 years.

The deferred tax liability is expected to reverse over the term of the pension plan which is 20 years.

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>Deferred tax</b>		
Movement in derivative financial instrument	1,644	-
Movement in defined benefit pension scheme	280	(121)
	<b>1,924</b>	<b>(121)</b>

#### 23 Called up share capital

	31 December 2021 £'000	31 December 2020 £'000
Allotted and fully paid		
148,032,399 (2020: 148,032,399) ordinary shares of £0.0001p (2020: £0.0001p) each	15	15



## Welcome Break Group Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 24 Reserves

##### Cash flow hedge reserve

This reserve is used to record transactions arising from the Company's cash flow hedging arrangements.

##### Share-based payments reserve

The share-based payment arrangement concerns equity instruments of Applegreen Limited (formerly Applegreen plc) and the share-based payment reserve represents a capital contribution from the ultimate controlling party. The share options were exercised in the year.

##### Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

The company received a dividend of £75,000,000 during the financial year (year ended 31 December 2020: £nil) and a dividend of £30,000,000 (year ended 31 December 2020: £nil) was paid during the financial year.

#### 25 Capital and other commitments

At 31 December 2021 and 31 December 2020 the Company had the following capital commitments:

	31 December 2021 £'000	31 December 2020 £'000
Contracted for but not provided in these financial statements	-	130

At 31 December 2021 and 31 December 2020 the Group was committed to make payments during the following year under non-cancellable operating leases as follows:

Payments due	Land and buildings		Other	
	31 December 2021 £'000	31 December 2020 £'000	31 December 2021 £'000	31 December 2020 £'000
Not later than one year	12,826	12,382	1,550	2,485
Later than one year and not later than five years	54,604	52,193	28	158
Later than five years	260,709	266,562	-	-
	328,139	331,137	1,578	2,643

## Welcome Break Group Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 26 Pension commitments

The Group operates a defined benefit pension scheme.

Welcome Break Group Limited is the sponsoring employer and has legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual group entities and therefore the Company has recognised the entire net defined benefit cost and the relevant net defined benefit asset of the scheme in its individual financial statements.

The valuation used has been based on the most recent actuarial valuation at 30 September 2020 and updated to 31 December 2021 by a qualified independent actuary to take account of the requirements of FRS 102.

Scheme liabilities are estimated using the Projected Unit Credit Method. Under this method each participant's benefits under the Plan are attributed to years of service, taking into consideration future increases and the Plan's benefit allocation formula.

The scheme liability is the present value of the individuals' attributed benefits for valuation purposes at the measurement date, and the service cost is the total present value of the individuals' benefits attributable to service during the year.

Scheme assets are stated at their fair value at the respective balance sheet dates as provide by the plans investment consultants.

The total pension cost relating to the defined contribution scheme for the Company was £1,381,000 (year ended 31 December 2020: £1,637,000). At the year end there were unpaid pension contributions of £116,000 (31 December 2020: £174,000).

#### Reconciliation of plan liabilities

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
At the beginning of the financial year	(48,588)	(43,732)
Interest cost	(694)	(906)
Actuarial gains/(losses)	211	(5,093)
Benefits paid	1,512	1,143
<b>At the end of the financial year</b>	<b>(47,559)</b>	<b>(48,588)</b>

#### Reconciliation of plan assets

	2021 £'000	2020 £'000
At the beginning of the financial year	49,147	45,069
Interest income	436	683
Return on plan assets	747	4,196
Employer contributions	287	342
Benefits paid	(1,512)	(1,143)
<b>At the end of the financial year</b>	<b>49,105</b>	<b>49,147</b>

## Welcome Break Group Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 26 Pension commitments (continued)

##### Composition of plan assets:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Equity securities	20,142	19,083
Debt securities	27,021	29,241
Other	1,942	823
<b>Total plan assets</b>	<b>49,105</b>	<b>49,147</b>
Fair value of plan assets	49,105	49,147
Present value of plan liabilities	(47,559)	(48,588)
<b>Net pension scheme asset</b>	<b>1,546</b>	<b>559</b>

The amounts recognised in the statement of comprehensive income are as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Net interest on net defined benefit asset	(258)	(223)

The Company expects to contribute £778,000 (2021: £260,000) to its Defined benefit pension scheme in 2022.

Principal actuarial assumptions at the balance sheet date are as follows:

Weighted-average assumptions to determine defined benefit obligation	2021	2020
Discount rate	1.80%	1.45%
Pensions in payment increase rate	3.25%	2.90%
Retail price inflation	2.90%	2.40%
Assumed life expectations on retirement at age 65		
Retiring today (male member age 65)	23.0	22.6
Retiring in 20 years (male member age 45 today)	24.3	24.0
Retiring today (female member age 65)	24.8	24.5
Retiring in 20 years (female member age 45 today)	26.3	26.1
Weighted-average assumptions to determine cost related to defined benefit plans		
Discount rate	1.45%	2.10%
Pensions in payment increase rate	2.90%	2.80%
Retail price inflation	2.90%	2.30%

## Welcome Break Group Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 26 Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

##### Defined benefit pension schemes

	December 2021 £'000	December 2020 £'000	December 2019 £'000	December 2018 £'000	January 2018 £'000
Defined benefit obligation	(47,559)	(48,588)	(43,732)	(39,431)	(38,942)
Scheme assets	49,105	49,147	45,069	39,330	40,826
<b>Surplus/(deficit)</b>	<b>1,546</b>	<b>559</b>	<b>1,337</b>	<b>(101)</b>	<b>1,884</b>

#### 27 Related party disclosures

In relation to related party transactions Welcome Break Group Limited recharged £608,000 (year ended 31 December 2020: £99,000) of management fees to Motorway Services Limited and received net monies of £12,969,000 (year ended 31 December 2020: £5,320,000) from Motorway Services Limited as a result of operating a centralised accounting function. The Company surrendered £24,000 group relief (year ended 31 December 2020: £581,000). The balance at 31 December 2021 due to Motorway Services Limited is £146,744,000 (31 December 2020: £134,359,000).

#### 28 Ultimate controlling company

Welcome Break Holdings (1) Limited, incorporated in England and Wales, is the immediate parent undertaking.

Welcome Break Holdings (1) Limited is also the intermediate parent undertaking that heads the smallest group of companies of which the Company is a member and for which group financial statements are prepared. Copies of Welcome Break Holdings (1) Limited consolidated financial statements are available from Companies House.

Appia Group Limited, incorporated in Jersey, is the intermediate parent company and is owned by Petrógas Holdings UK Limited 50.01%, Rome One LP 33.29% and Rome Two LP 16.70%. The registered office of Appia Group Limited is 44 Esplanade, St Helier, Jersey JE4 9WG.

On 9 March 2021 Causeway Consortium Limited, a wholly owned subsidiary of Causeway Consortium Holdings Limited, acquired 100% of the shares Applegreen Limited (formerly Applegreen plc). Causeway Consortium Holdings Limited the ultimate controlling party, is the largest group to consolidate these financial statements. The registered office of Causeway Consortium Holdings Limited is 25-28 North Wall Quay, IFSC, Dublin 1, D01H104 Ireland.