

Welcome Break Holdings Limited

(Registered Number: 3290817)

Annual report and financial statements For the year ended 31 December 2022

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Welcome Break Holdings Limited

Annual report and financial statements for the year ended 31 December 2022

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Welcome Break Holdings Limited

Strategic Report

The directors present their Strategic report on the Company for the year ended 31 December 2022.

Business review

The Company was incorporated on 11 December 1996 with the purpose of acquiring and holding the shares in Welcome Break Group Limited and subsidiary companies. The principal activity of the Company is that of a holding company.

The Company's profit for the year ended 31 December 2022 is £60.7m (year ended 31 December 2021: £30.4m). The profit for the year and the year end financial position is considered by the directors to be in line with expectations.

The net asset position of the Company at 31 December 2022 is £414.7m (31 December 2021: £424.1m restated).

The restatement is a result of the review of the carrying amounts of the Company's investments which identified that previous impairment losses of £105.0m were recoverable (note 15).

Statement by the directors on the performance of their statutory duties under s172 of the Companies Act 2006

The Board of directors of Welcome Break Holdings 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 shareholders (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 2022. The Company engages with shareholders on an ad hoc basis on requests for investment and financial matters. The directors assess such matters to be aligned to the strategy and standards of the Group and decisions are made in the best interests of all stakeholders.

As a holding company within the wider Appia Group of companies the directors consider the impact of the Company's activities on its shareholders and its subsidiaries that have an interest in and are affected by the performance of the Company's investments and financial instruments.

The Company has no employees, customers and minimal suppliers, and does not directly engage with the community or directly impact the environment however the directors provide the highest standards of governance to ensure that they comply with the Group's policies and maintain high standards of business conduct.

Welcome Break Holdings Limited

Strategic Report (continued)

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the main trading group of companies headed by Welcome Break Holdings (1) Limited and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed within the Group Strategic report of the Welcome Break Holdings (1) Limited Annual Report which do not form part of this report.

Financial key performance indicators

The key performance indicators (KPIs) and financial risk management of the Company are integrated with those of the Welcome Break Holdings (1) Limited and are not assessed separately. An analysis of the KPIs of the Group, which include those of the Company, together with the Group's financial risk exposure, and the management objectives and policies thereon, is presented within the within the Group Strategic review of the Welcome Break Holdings (1) Limited Annual Report which do not form part of this report.

This report was approved by the board on 29 September 2023 and signed on its behalf by:



John Diviney
Director

Welcome Break Holdings Limited

Directors' Report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Principal activities

Welcome Break Holdings Limited's ('the Company') principal activity is that of a holding company.

Future developments

The directors do not anticipate that any trading will be undertaken by the Company in the foreseeable future.

Going Concern

The position of the Company at the balance sheet date is a net current liability of £29.4m (31 December 2021: £20.0m). This position reflects the debt funding structure in place for the Group. Whilst there is a net liability position the Directors conclude the going concern basis is appropriate for the reasons discussed in the following paragraphs.

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 guarantor to a number lease contracts held by companies within the group headed by Appia Group Limited, including Welcome Break Group Limited and companies that provide guarantees in relation to loans to Welcome Break Group Limited. If the loan covenants on the loans to Welcome Break Group Limited are breached and both the loan and related guarantees are called for payment, the Company may be required to satisfy the lease contract guarantees in place.

The business benefitted from the return to more normal trading after the disruption caused by the COVID lockdowns which have been a feature of trading since March 2020. A slightly quieter start to the year was noticed, but from Easter onwards there was again significant pent-up demand from the travelling public who were keen to visit family and friends and attend events. As in previous years, the growth in UK travel from staycation holidays delivered excellent results for the business over the peak summer holiday period from June to September. During the peak summer period in 2022 many sites and units broke their weekly trading records evidencing the seasonality of the business and the importance of this period to the overall business performance.

Outside of the peak holiday periods, motorway traffic continues to be below pre pandemic levels due to continued homeworking. This reflects a changing trend in the weekly profile of transactions with marginally lower commuter trade during weekdays and higher leisure trade at weekends. This has driven a slight change in customer mix, with the leisure traveller transaction tending to have a higher spend per transaction. The continuation of the strong trading performance, particularly the ongoing spend benefit was also noticeable during the remainder of the year, particularly during the Christmas and New Year period.

Welcome Break Holdings Limited

Directors' report (continued)

Going Concern (continued)

The very high inflationary environment was a cause for concern during the year with both cost of goods and energy prices seeing unprecedented increases. The business was able to partially offset these costs with increases to selling prices but had also to consider how high price inflation may impact customers and consequently a negative effect on transaction volumes. It appears that the right balance has been struck between the recovery of costs and consumer sentiment. *During the final quarter of the year, the business experienced a significant rise in electricity costs as the previous deal came to an end.* The directors are comfortable with the risk moving forward in terms of volatile energy costs with prices having been agreed with suppliers out to March 2024.

The business delivered a performance that was slightly ahead of what was a challenging 2022 budget and continues to perform well in 2023.

Management have prepared a forecast covering the next 12 months. Having reviewed these 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 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.

Appia Group Limited has confirmed that any necessary financial support will be provided to allow its subsidiaries to meet their liabilities as they become due for 12 months from date of signing the financial statements.

The directors therefore have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the financial statements.

Dividends

During the year the Company paid a dividend of £70.0m (year ended 31 December 2021: £100.0m).

Post balance sheet event

On 25 April 2023 the directors proposed and paid a dividend of £10.0m to Appia Europe Limited.

On 1 January 2023, Welcome Break Services Ltd became 100% owned by Welcome Break Holdings Ltd, having formerly been owned 99.9% by Appia Group Ltd and 0.01% by Welcome Break Holdings Ltd. From 1st January Appia Europe Limited's indirect shareholding of Welcome Break Services Limited is 100%.

On 1 January 2023, Welcome Break Services Limited acquired 100% of the shares in Petrogas Group NI Limited and Applegreen Service Areas NI Limited from Appia Group Limited.

Welcome Break Holdings Limited

Directors' report (continued)

Financial risk management

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

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.

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

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.

Energy and Carbon Regulations

As the principal activity of the Company is to act as a holding company for other entities in the Appia Group, the Company has had no commercial business, employees or premises, and as such has consumed less than 40,000kWh of energy during the year and therefore information on SECR is not disclosed.

Business Relationships

The Company's only business relationships are those within the Appia Group.

Welcome Break Holdings Limited

Directors' report (continued)

Statement of disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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 regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They 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 the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Welcome Break Holdings Limited

Directors' report (continued)

This report was approved by the board on 29 September 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Diviney', with a stylized, cursive script.

John Diviney
Director

2 Vantage Court,
Tickford Street,
Newport Pagnell,
Buckinghamshire
MK16 9EZ.

Welcome Break Holdings (2) Limited.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELCOME BREAK HOLDINGS (2) LIMITED.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Welcome Break Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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

Welcome Break Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELCOME BREAK HOLDINGS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

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

Welcome Break Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELCOME BREAK HOLDINGS LIMITED (CONTINUED)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business. We have nothing to report in respect of these matters.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Welcome Break Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELCOME BREAK HOLDINGS LIMITED (CONTINUED)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

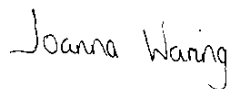
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Joanna Waring FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

29 September 2023

Welcome Break Holdings Limited

Statement of comprehensive income for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
OPERATING (LOSS)/PROFIT	3	(23)	2
Income from shares in group undertakings	12	60,000	30,000
Interest receivable and similar income	4	530	83
PROFIT BEFORE TAXATION		60,507	30,085
Tax on profit	5	146	349
PROFIT FOR THE FINANCIAL YEAR		60,653	30,434
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		60,653	30,434

Welcome Break Holdings Limited

Balance sheet as at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000 restated (Note 15)
FIXED ASSETS			
Investments	6	444,100	444,100
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	108,408	97,855
Debtors: amounts falling due after more than one year	8	5,583	5,460
Cash at bank and in hand	9	-	479
CURRENT ASSETS		113,991	103,794
CREDITORS: amounts falling due within one year	10	(143,376)	(123,832)
NET CURRENT LIABILITIES		(29,385)	(20,038)
TOTAL ASSETS LESS CURRENT LIABILITIES		414,715	424,062
NET ASSETS		414,715	424,062
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Capital redemption reserve	12	60	60
Profit and loss account	12	414,653	424,000
TOTAL SHAREHOLDERS' FUNDS		414,715	424,062

The financial statements on pages 12 to 26 were approved and authorised for issue by the board on 29 September 2023 and were signed on its behalf by:



John Diviney
Director

Registered number: 3290817

The notes on pages 15 to 26 form part of these financial statements.

Welcome Break Holdings Limited

Statement of changes in equity for the year ended 31 December 2022

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total shareholders' Funds £'000
At 1 January 2022 restated (note 15)	2	60	424,000	424,062
Comprehensive income for the financial year				
Profit for the financial year	-	-	60,653	60,653
Total comprehensive income for the year	-	-	60,653	60,653
Dividend paid	-	-	(70,000)	(70,000)
Total transactions with owners, recognised directly in equity	-	-	(70,000)	(70,000)
At 31 December 2022	2	60	414,653	414,715

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

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2021 (as previously reported)	138	60	388,430	388,628
Restatement	-	-	105,000	105,000
At 1 January 2021 restated (note 15)	138	60	493,430	493,628
Comprehensive income for the financial year				
Profit for the financial year	-	-	30,434	30,434
Total comprehensive income for the year	-	-	30,434	30,434
Dividend paid	-	-	(100,000)	(100,000)
Capital reduction	(136)	-	136	-
Total transactions with owners, recognised directly in equity	(136)	-	(99,864)	(100,000)
At 31 December 2021 restated (note 15)	2	60	424,000	424,062

The notes on pages 15 to 26 form part of these financial statements.

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022

1. Principal accounting policies

(a) General information

Welcome Break Holdings Limited's ('the Company') principal activity is that of a holding and financing company.

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.

(b) Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable United Kingdom and the Republic of Ireland and the Companies Act 2006.

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.

(c) 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 guarantor to a number lease contracts held by companies within the group headed by Appia Group Limited, including Welcome Break Group Limited and companies that provide guarantees in relation to loans to Welcome Break Group Limited. If the loan covenants on the loans to Welcome Break Group Limited are breached and both the loan and related guarantees are called for payment, the Company may be required to satisfy the lease contract guarantees in place.

The business benefitted from the return to more normal trading after the disruption caused by the COVID lockdowns which have been a feature of trading since March 2020. A slightly quieter start to the year was noticed, but from Easter onwards there was again significant pent-up demand from the travelling public who were keen to visit family and friends and attend events. As in previous years, the growth in UK travel from staycation holidays delivered excellent results for the business over the peak summer holiday period from June to September. During the peak summer period in 2022 many sites and units broke their weekly trading records evidencing the seasonality of the business and the importance of this period to the overall business performance.

Outside of the peak holiday periods, motorway traffic continues to be below pre pandemic levels due to continued homeworking. This reflects a changing trend in the weekly profile of transactions with marginally lower commuter trade during weekdays and higher leisure trade at weekends. This has driven a slight change in customer mix, with the leisure traveller transaction tending to have a higher spend per transaction. The continuation of the strong trading performance, particularly the ongoing spend benefit was also noticeable during the remainder of the year, particularly during the Christmas and New Year period.

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Principal accounting policies (continued)

(c) Going concern (continued)

The very high inflationary environment was a cause for concern during the year with both cost of goods and energy prices seeing unprecedented increases. The business was able to partially offset these costs with increases to selling prices but had also to consider how high price inflation may impact customers and consequently a negative effect on transaction volumes. It appears that the right balance has been struck between the recovery of costs and consumer sentiment. During the final quarter of the year, the business experienced a significant rise in electricity costs as the previous deal came to an end. The directors are comfortable with the risk moving forward in terms of volatile energy costs with prices having been agreed with suppliers out to March 2024.

The business delivered a performance that was slightly ahead of what was a challenging 2022 budget and continues to perform well in 2023.

Management have prepared a forecast covering the next 12 months. Having reviewed these 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 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 has adequate resources to continue operating for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the financial statements.

The position of the Company as at the balance sheet date is a net current liability of £29,385,000 (31 December 2021: £20,038,000). This position reflects the debt funding structure in place for the Group. The wider group is able to support the Company in meeting all liabilities as they fall due and continuing its business operations for at least 12 months after these financial statements are signed. The Company has received a letter of support from Appia Group Limited. Group undertakings have confirmed that they will not demand repayment of intercompany balances within the next 12 months.

(d) Exemptions for qualifying entities under FRS 102

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 FRS 102 and para 3.17(d)]
- the non-disclosure of key management personnel compensation in total. [FRS 102 para 33.7]
- certain financial instrument disclosures [FRS 102 paras 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A].

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Principal accounting policies (continued)

(d) Exemptions for qualifying entities under FRS 102 (continued)

This information is included in the consolidated financial statements of Appia Group Limited for the year ended 31 December 2022. Copies of Appia Group Limited's consolidated financial statements can be obtained from Companies House once approved and authorised to issue by the Board (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 its ultimate parent company includes the Company's cash flow in its own consolidated financial statements.

(e) 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.

(f) Consolidated financial statements

These financial statements contain information about Welcome Break Holdings 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.

(g) 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.

(h) Interest

Interest receivable and payable is accounted for on an accruals basis to the statement of comprehensive income. Interest payable is paid under the terms of the loan.

(i) 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.

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Principal accounting policies (continued)

(i) Taxation (continued)

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.

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.

(j) Fixed asset investments

Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment. At the end of each financial year fixed assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash-generating unit) may be impaired. If there is such an indication that an asset (or asset's cash-generating unit) may not be recoverable, an impairment test is carried out.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the estimated future cash flows expected to be derived from continuing use of the asset (or cash-generating unit).

(k) 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 FRS 102 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.

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.

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Principal accounting policies (continued)

(k) Financial instruments (continued)

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.

(l) 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.

(m) Share capital

Ordinary shares are recognised as equity.

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.

There are no significant judgements, estimates or assumptions in these financial statements.

3. Operating (loss)/profit

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 financial year is £393,000 (year ended 31 December 2021: £366,000). The fee allocated to Welcome Break Holdings Limited is £5,000 (year ended 31 December 2021: £5,000). No amounts were paid by the Company in respect of non-audit services (year ended 31 December 2021: £nil).

In the year to 31 December 2022 one director (year ended 31 December 2021: 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.

There were no employees of the Company in the year to 31 December 2022 (year ended 31 December 2021: none).

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4. Interest receivable and similar income

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Interest receivable from other group undertakings	530	83

5. Tax on profit

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Tax income included in statement of comprehensive income		
Group relief receivable	(157)	-
Total current tax	(157)	-
Deferred tax:		
Deferred taxation: origination and reversal of timing differences	-	33
Deferred taxation: adjustments in respect of prior periods	-	3
Deferred taxation: changes in tax rates	11	(385)
Total deferred tax	11	(349)
Tax on profit	(146)	(349)

The tax assessed for the current year varies from the standard rate of corporation tax in the UK of 19% (year ended 31 December 2021: 19%). The differences are explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit before taxation	60,507	30,085
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (year ended 31 December 2021: 19%)	11,496	5,716
Effects of:		
Income not subject to tax	(11,400)	(5,700)
Adjustments in respect of prior periods	-	3
Expenses deductible for tax	4	-
Tax adjustment for transfer pricing	(257)	17
Re-measurement of deferred tax – change in UK tax rate	11	(385)
Total tax credit for the financial year	(146)	(349)

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

5. Tax on profit (continued)

In the Spring Budget 2022 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 2022.

The deferred tax disclosures in the financial statements include balances measured at 25%.

6. Investments

£'000

At 1 January 2022 restated (note 15) and 31 December 2022

444,100

Investments in subsidiaries comprise holdings of equity shares in the following entities which are incorporated in Great Britain and registered in England and Wales unless otherwise indicated:

% of equity held

Direct subsidiary undertaking

Welcome Break No. 2 Limited (holding company)	100
Welcome Break Finance (2) Limited (dormant company)	100
Welcome Break Finance (3) Limited (dormant company)	100
Welcome Break Services Limited – motorway service area operator	0.00002

Indirect subsidiary undertakings

Welcome Break No. 1 Limited	100
Welcome Break Holdings (2) Limited (holding company)	100
Welcome Break Holdings (1) Limited (holding company)	100
Welcome Break Group Limited – motorway service area operator	100
Welcome Break Limited – motorway service area operator	92
Motorway Services Limited – motorway service area operator	100
Welcome Break KFC Limited – dormant company	100
Welcome Break Coffee Primo Limited – dormant company	100
Welcome Break KFC Starbucks Limited – dormant company	100
Welcome Break Birchanger Limited – dormant company	100
Welcome Break Burger King Limited – dormant company	100
Welcome Break Waitrose Limited – dormant company	100
Welcome Break McDonald's Limited – dormant company	100
Coffee Primo Burger King Limited – dormant company	100
Welcome Break Waitrose KFC Limited – dormant company	100
Welcome Break Starbucks Waitrose KFC Limited – dormant company	100
Welcome Break Starbucks Burger King Limited – dormant company	100
Welcome Break Starbucks McDonald's Limited – dormant company	100
Welcome Break Starbucks Waitrose Burger King Limited – dormant company	100
Starbucks Coffee Burger King Limited – dormant company	100
Starbucks Coffee KFC Limited – dormant company	100
Starbucks Coffee McDonald's Limited – dormant company	100
Starbucks Coffee Waitrose Limited – dormant company	100
Starbucks Coffee Waitrose KFC Limited – dormant company	100
Starbucks Coffee McDonald's Waitrose Limited – dormant company	100
Alliance (GW) Limited – dormant company	100

Partnership

Welcome Break Gretna Green Partnership – motorway service area operator	100
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Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

6. Investments (continued)

An annual impairment review of the carrying value of investments has been carried out which indicates the investment of £444.1m in the financial statements is supported by a value in use calculation.

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

7. Debtors: amounts falling due within one year

	31 December 2022 £'000	31 December 2021 £'000 restated (note 15)
Amounts due from subsidiary undertakings	99,930	89,377
Amounts due from parent undertakings	8,478	8,478
	108,408	97,855

The amounts due from subsidiary and parent undertakings are unsecured, interest free and are repayable on demand.

8. Debtors: amounts falling due after more than one year

	31 December 2022 £'000	31 December 2021 £'000
Amounts owed by subsidiary	4,026	3,892
Deferred tax asset	1,557	1,568
	5,583	5,460

The amounts owed by subsidiary undertakings are repayable at such times, in such amounts and on such terms as the Company may from time to time in its sole discretion determine. There is no requirement to repay the loan within one year. Prepayments may be made at any time and in any amount without penalty interest rates. The loan accrues 2.8% interest (31 December 2021: 2.7%) and no security is provided.

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

8. Debtors: amounts falling due after more than one year (continued)

Deferred tax asset

	31 December 2022 £'000	31 December 2021 £'000
Recognition of prior year losses	1,557	1,568
		£'000
At 1 January 2022		1,568
Debit to profit and loss account		(11)
At 31 December 2022		1,557

The deferred tax asset is expected to be recoverable against future taxable profits within the Group.

9. Cash at bank and in hand

	31 December 2022 £'000	31 December 2021 £'000
Cash at bank and in hand	-	479

10. Creditors: amounts falling due within one year

	31 December 2022 £'000	31 December 2021 £'000 restated (note 15)
Amounts owed to subsidiary undertakings	55,881	55,886
Amounts owed to parent undertakings	87,495	67,946
	143,376	123,832

The amounts due to subsidiary and parent undertakings are unsecured, interest free and are repayable on demand.

11. Called up share capital

	31 December 2022 £	31 December 2021 £
Allotted and fully paid		
1,854,501 (31 December 2021: 1,854,501) ordinary shares of £0.001 each	1,855	1,855
Total called up share capital	1,855	1,855

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

12. Reserves

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts have been paid following a redemption or share buyback.

Profit and loss account

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

During the year the company received a dividend of £60,000,000 from a subsidiary company (year ended 31 December 2021: £30,000,000) and paid a dividend of £70,000,000 to its immediate parent company (year ended 31 December 2021: £100,000,000). The dividend per share paid is £37.75 (year ended 31 December 2021: £53.92).

13. Related party disclosures

During the year to 31 December 2022 the Company did not transact with Motorway Services Limited (31 December 2021: £282,000). The balance at 31 December 2022 due to Motorway Services Limited is £23,142,000 (31 December 2021: £23,142,000).

14. Ultimate controlling company

Appia Europe Limited, incorporated in England and Wales, is the immediate parent undertaking.

Appia Group Limited, a company registered in Jersey, is the smallest to consolidate these financial statements. Copies of Appia Group Limited's consolidated financial statements can be obtained from Companies House (as an Appendix to Appia Europe Limited).

Appia Group Limited, incorporated in Jersey, is the intermediate parent company and is owned by Petrogas Holdings UK Limited 53.55%, Rome One LP 28.34% and Rome Two LP 18.11%. The registered office of Appia Group Limited is 44 Esplanade, St Helier, Jersey JE4 9WG.

Causeway Consortium Holdings Limited, incorporated in Ireland, is the ultimate controlling party and 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.

15. Prior year adjustments

The carrying amounts of the Company's investments in subsidiary undertakings have been reviewed to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. As a result of this review, it has been identified that previous impairment losses of £105,000,000 were recoverable.

This has been written back to opening reserves in 2021 as retrospective analysis indicates this should have been recognised in prior year financial statements, and therefore the comparative balances of investment in subsidiary undertakings and retained earnings have been restated in this year's financial statements.

This adjustment has no impact on the 2021 profit and loss account.

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

15. Prior year adjustments (continued)

The Company has historically presented intercompany debtors/creditors as a net figure, meaning the net amount presented represented amounts relating to more than one entity in the group. Amounts presented therefore did not align with the legal right to offset balances by entity. Therefore, the Company has reclassified amounts to represent debtor/creditor positions on an entity-by-entity basis.

Balance sheet restatements	31 December 2021	Amounts due/from group under- takings	Impairment review	31 December 2021
	£'000	£'000	£'000	restated £'000
FIXED ASSETS				
Investments	339,100	-	105,000	444,100
CURRENT ASSETS				
Debtors: amounts falling due within one year	-	97,855	-	97,855
Debtors: amounts falling due after more than one year	5,460	-	-	5,460
Cash at bank and in hand	479	-	-	479
CURRENT ASSETS	5,939	97,855	-	103,794
CREDITORS: amounts falling due within one year	(25,977)	(97,855)	-	(123,832)
NET CURRENT LIABILITIES	(20,038)	-	-	(20,038)
TOTAL ASSETS LESS CURRENT LIABILITIES	319,062	-	105,000	424,062
NET ASSETS	319,062	-	105,000	424,062
CAPITAL AND RESERVES				
Called up share capital	2	-	-	2
Capital redemption reserve	60	-	-	60
Profit and loss account	319,000	-	105,000	424,000
TOTAL SHAREHOLDERS' FUNDS	319,062	-	105,000	424,062

Welcome Break Holdings Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

16. Post balance sheet event

On 25 April 2023 the directors proposed and paid a dividend of £10.0m to Appia Europe Limited.

On 1 January 2023, Welcome Break Services Ltd became 100% owned by Welcome Break Holdings Ltd, having formerly been owned 99.9% by Appia Group Ltd and 0.01% by Welcome Break Holdings Ltd. From 1st January Appia Europe Limited's indirect shareholding of Welcome Break Services Limited is 100%.

On 1 January 2023, Welcome Break Services Limited acquired 100% of the shares in Petrogas Group NI Limited and Applegreen Service Areas NI Limited from Appia Group Limited.