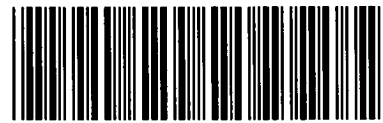


Welcome Break Holdings Limited

(Registered number: 3290817)

Annual report and financial statements For the 53 weeks ended 31 January 2017

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Welcome Break Holdings Limited

Directors and advisers

Directors

Roderick McKie	Chief Executive Officer
Nicholas Wright	Finance Director
Darren Kyte	
Peter O'Flaherty	
Lisa Parsons	
Charles Hazelwood	
Surinder Toor	

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Exchange House
Central Business Exchange
Midsummer Boulevard
Central Milton Keynes
MK9 2DF

Solicitors

Howes Percival LLP
The Osiers Business Park
The Osiers Business centre
Leicester
LE19

Bankers

Lloyds Bank
249 Silbury Boulevard
Secklow Gate West
Milton Keynes
MK9 1NA

Welcome Break Holdings Limited

Annual report and financial statements for the 53 weeks ended 31 January 2017

Contents

	Page(s)
Directors and advisers	1
Strategic report	2-3
Directors' report	4-7
Independent auditors' report to the members of Welcome Break Holdings Limited	8-9
Consolidated statement of comprehensive income	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the financial statements	16-43

Welcome Break Holdings Limited

Strategic report

The directors present their Strategic report on the Group for the 53 weeks ended 31 January 2017.

Business review

The business had a successful year with turnover of £676.8m which was 4.4% up year on year. Excluding fuel, the non-fuel sales were up by 5.2%. As a result, operating profit for the 53 weeks was £76.8 m (2016: £40.9m (52 weeks)), an increase of 5.1%, and operating profit before depreciation, amortisation and rents (EBITDAR) at £93.1 m (2016: £92.2m (52 weeks)).

Despite the significant Brexit result, the traffic growth levels have proven again to be very resilient with traffic passing Welcome Break locations up 2.3%.

Investment in both the employees and the facilities continued. The National Living Wage changes were implemented and all employees, including under 25s (which wasn't mandated), were increased to new levels.

Capital investment was £15.8m and included further expenditure in many areas including forecourts (completion of Delis2go rollout), Starbucks drive Thru's, Ramada Hotels and the redevelopment of Sarn Park MSA which reopened in the summer. As well as continuing investment in the established brands within the Welcome Break portfolio, the business continues to trial further possible branded offerings including Pret a Manger and Chopstix.

During the financial year the Group received net exceptional income of £1.2m which was largely due to VAT and business rate refunds net of dilapidations and refinancing costs.

Sadly in December 2016, the amenity building of Fleet South on the M3 was burnt down. Thankfully there were no fatalities or injuries. The Group is working closely with its insurers to facilitate reinstatement. There will be a temporary building which will operate on site until the new building is rebuilt. The insurance covers both property reinstatement and also business interruption.

On 30 January 2017 the Group was refinanced with the existing senior, junior and Vendor loan notes being replaced by new senior and junior bank groups. The total new debt amounts to £440m which includes revolver and capital investment facilities. The new facilities affords the Group to operate at significantly lower financing costs and also provides for future investment in the business which is important in the context of the customer requirements now and in the future.

Following the refinancing the group undertook a restructuring exercise with the aim of simplifying the group structure. This led to capital reductions, the elimination of some intercompany balances, bonus share issues, cancellation of some classes of shares and intercompany dividends in some of the group companies. As part of the restructuring, a £33.8m provision against the loan to another group undertaking was written back as exceptional income.

In addition an impairment review has been performed. As a result there was no impairment of the consolidated statements of Appia Group Limited, the ultimate parent company. In the Company, the review resulted in an impairment in the carrying value of the investment in the subsidiary of £497.0m (see notes 13 and 15 under 'Notes to the Financial Statements').

Welcome Break Holdings Limited

Strategic report (continued)

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 the Welcome Break Holdings 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 Holdings Limited. The development, performance and position of the all 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 24 May 2017 and signed on its behalf by:



Nicholas Wright
Director

Welcome Break Holdings Limited

Directors' report

The directors present their report and the audited consolidated financial statements of the Group for the 53 weeks ended 31 January 2017.

Future developments

Whilst Brexit did result in a range of opinions on the economic impact, the traffic on the motorways has remained positive and our view of the UK economy remains cautiously optimistic. As a result we are expecting steady, continuous growth during the financial year.

Inflationary pressures are however increasing as a result of post Brexit foreign exchange movements and commodity prices increasing in general. The situation is continually monitored and mitigating plans are developed and actioned where possible.

Capital investment is expected to continue with further investment in the established, proven brands and further investment in potential new brand partners with the business. In addition upgrade to parking and toilet facilities will continue.

Bonus issue

As part of the restructuring the A1, A2 and A3 shares were cancelled and the nominal value of the ordinary shares was reduced from £1.00 to £0.001 for each share and subsequently a bonus issue of one share was made.

Dividends

As part of the restructuring a dividend in specie was made of £193.0m in settlement of intercompany balances (2016: £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 Welcome Break 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 Group 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 Holdings Limited

Directors' report (continued)

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 January 2017.

Directors

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

Roderick McKie	
Nicholas Wright	
Darren Kyte	
Michael Canham	(resigned 11 November 2016)
Peter O'Flaherty	(appointed 11 November 2016)
Artur Kawonczyk	(resigned 23 May 2017)
Lisa Parsons	
Anne Grandin	(resigned 23 May 2017)
Charles Hazelwood	(appointed 23 May 2017)
Surinder Toor	(appointed 23 May 2017)

Going concern

The position of the Group as at the balance sheet date was a net liability of £188,565,000 (26 January 2016: £19,366,000). This position reflects the debt funding structure in place for the Group. The directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. This has been concluded based on management's forecasts and the ability of the wider group to support the Group in meeting all liabilities as they fall due and continuing its business operations. On this basis they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Qualifying third party indemnity provision

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

Environment

The Group 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 Group is further committed to taking into account the effect of its working practices upon the environment and in minimising potential negative effects. The Group complies with all statutory and mandatory requirements.

Post balance sheet event

On 23 May 2017 the shareholders of Appia Group Limited, the ultimate parent company, changed (see note 21).

Welcome Break Holdings Limited

Directors' report (continued)

Employment policies

The employment policies of Welcome Break Holdings Limited and its subsidiary companies embody the principles of equal opportunity. This includes suitable procedures to support the Group'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 Group 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 Group's policy to communicate information on corporate issues via the management of the business and through employee reports and an online company information system.

Statement of directors' responsibilities

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 53 week period. Under that law the directors have prepared the group and company 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 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 group and company will continue in business.

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

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

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 group and 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 group and company's auditors are aware of that information.

Welcome Break Holdings Limited

Directors' report (continued)

Disclosure of information to auditors

Each of the persons who are directors at the time when the Directors' report is approved has confirmed that:

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

This report was approved by the board on 24 May 2017 and signed on its behalf by:



Nicholas Wright
Director

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

Report on the financial statements

Our opinion

In our opinion, Welcome Break Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 January 2017 and of the group's profit for the 53 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- Consolidated and company balance sheets as at 31 January 2017;
- Consolidated statement of comprehensive income for the period then ended;
- Consolidated and company statements of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 period 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 addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received 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
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

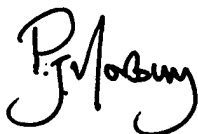
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Paul Norbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

24 May 2017

Welcome Break Holdings Limited

Consolidated statement of comprehensive income for the 53 weeks ended 31 January 2017

	Note	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
TURNOVER	3	676,828	648,322
Cost of sales		(523,171)	(504,640)
GROSS PROFIT		153,657	143,682
Administrative expenses (including exceptional costs of £2,577,000 (26 January 2016: £3,150,000))	5	(114,512)	(113,294)
Exceptional other operating income	5	37,634	10,525
OPERATING PROFIT	4	76,779	40,913
Interest receivable and similar income	9	7,348	7,237
Interest payable and similar charges	10	(49,774)	(42,287)
Other finance expense	11	(29)	(94)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		34,324	5,769
Tax on ordinary activities	12	(2,308)	(3,977)
PROFIT FOR THE FINANCIAL PERIOD		32,016	1,792
Profit attributable to:			
Non-controlling interests	26	560	409
Owners of the parent company		31,456	1,383
		32,016	1,792
Actuarial (losses)/gains on defined benefit pension scheme	30	(5,354)	548
Cash flow hedges			
- Change in value of hedging instrument		(1,652)	36
Total tax on components of other comprehensive (expense)/income	12	78	(78)
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE FINANCIAL PERIOD		(6,928)	506
TOTAL COMPREHENSIVE /INCOME FOR THE FINANCIAL PERIOD		25,088	2,298
Total comprehensive income attributable to:			
Non-controlling interests	26	560	409
Owners of the parent		24,528	1,889
		25,088	2,298

Welcome Break Holdings Limited

Consolidated balance sheet as at 31 January 2017

	Note	31 January 2017 £'000	26 January 2016 £'000
FIXED ASSETS			
Tangible assets	14	256,962	264,175
CURRENT ASSETS			
Stocks	16	8,888	8,623
Debtors: amounts falling due within one year	17	17,190	18,026
Debtors: amounts falling due after more than one year	17	-	152,097
Cash at bank and in hand	18	37,077	48,462
		63,155	227,208
CREDITORS: amounts falling due within one year	19	(86,743)	(93,896)
NET CURRENT (LIABILITIES)/ASSETS		(23,588)	133,312
TOTAL ASSETS LESS CURRENT LIABILITIES		233,374	397,487
CREDITORS: amounts falling due after more than one year	20	(416,572)	(415,961)
Provisions for liabilities	23	(1,449)	(1,357)
NET LIABILITIES EXCLUDING PENSION (LIABILITY)/ASSET		(184,647)	(19,831)
Pension (liability)/asset	30	(3,918)	465
NET LIABILITIES		(188,565)	(19,366)
CAPITAL AND RESERVES			
Called up share capital	24	2	2,037
Share premium account		350,122	155,779
Capital redemption reserve		60	60
Cash flow hedge reserve		(2,737)	(1,085)
Profit and loss account		(545,704)	(186,539)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		(198,257)	(29,748)
Non-controlling interests	26	9,692	10,382
TOTAL SHAREHOLDERS' DEFICIT		(188,565)	(19,366)

The financial statements were approved and authorised for issue by the board on 24 May 2017 and were signed on its behalf by:



Nicholas Wright
Director

The notes on pages 16 to 43 form part of these financial statements.

Welcome Break Holdings Limited

Company balance sheet as at 31 January 2017

	Note	31 January 2017 £'000	26 January 2016 £'000
FIXED ASSETS			
Investments	15	339,100	461,092
CURRENT ASSETS			
Debtors: amounts falling due within one year	17	29,488	23,953
Debtors: amounts falling due after more than one year	17	3,371	62,291
Cash at bank and in hand	18	-	-
CREDITORS: Amounts falling due within one year	19	-	-
NET CURRENT ASSETS		32,859	86,244
TOTAL ASSETS LESS CURRENT LIABILITIES		371,959	547,336
CREDITORS: Amounts falling due after more than one year	20	-	(320,163)
NET ASSETS		371,959	227,173
CAPITAL AND RESERVES			
Called up share capital	24	2	2,037
Share premium account		350,122	155,779
Capital redemption reserve		60	60
Profit and loss account		21,775	69,297
TOTAL SHAREHOLDERS' FUNDS		371,959	227,173

The financial statements were approved and authorised for issue by the board on 24 May 2017 and were signed on its behalf by:



Nicholas Wright
Director

Registered number: 3290817

The notes on pages 16 to 43 form part of these financial statements.

Welcome Break Holdings Limited

Consolidated statement of changes in equity as at 31 January 2017

	Called up share capital £'000	Share premium account £'000	Capital redempt- ion reserve £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Non- controll- ing interests £'000	Total shareholders' deficit £'000
At 27 January 2016	2,037	155,779	60	(1,085)	(186,539)	10,382	(19,366)
Comprehensive income for the financial period							
Profit for the financial period	-	-	-	-	31,456	560	32,016
Actuarial loss on defined benefit pension scheme	-	-	-	-	(5,354)	-	(5,354)
Cash flow hedges							
-Change in value of hedging instrument	-	-	-	(1,652)	-	-	(1,652)
Total tax on components of other comprehensive income	-	-	-	-	78	-	78
Total comprehensive income for the financial period	-	-	-	(1,652)	26,180	560	25,088
Capital reduction	(2,035)	(155,779)	-	-	157,814	-	-
Dividend in specie	-	-	-	-	(193,037)	-	(193,037)
Bonus issue	-	350,122	-	-	(350,122)	-	-
Equity dividend payable	-	-	-	-	-	(1,250)	(1,250)
Total transactions with owners, recognised directly in equity	(2,035)	194,343	-	-	(385,345)	(1,250)	(194,287)
At 31 January 2017	2	350,122	60	(2,737)	(545,704)	9,692	(188,565)

Consolidated statement of changes in equity as at 26 January 2016

	Called up share capital £'000	Share prem- ium account £'000	Capital redempt- ion reserve £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Non- controll- ing interests £'000	Total shareholders' deficit £'000
At 28 January 2015	2,037	155,779	60	(1,121)	(188,392)	9,973	(21,664)
Comprehensive income for the financial period							
Profit for the financial period	-	-	-	-	1,383	409	1,792
Actuarial gains on defined benefit pension scheme	-	-	-	-	548	-	548
Cash flow hedges							
-Change in value of hedging instrument	-	-	-	36	-	-	36
Total tax on components of other comprehensive income	-	-	-	-	(78)	-	(78)
Total comprehensive income for the financial period	-	-	-	36	1,853	409	2,298
At 26 January 2016	2,037	155,779	60	(1,085)	(186,539)	10,382	(19,366)

The notes on pages 16 to 43 form part of these financial statements.

Welcome Break Holdings Limited

Company statement of changes in equity as at 31 January 2017

	Called up share capital	Share premium account	Capital redempt- ion reserve	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000
At 27 January 2016	2,037	155,779	60	69,297	227,173
Comprehensive income for the financial period					
Profit for the financial period	-	-	-	337,849	337,849
Total comprehensive income for the period	-	-	-	337,849	337,849
Capital reduction	(2,035)	(155,779)	-	157,814	-
Capital contribution	-	-	-	(26)	(26)
Dividend in specie	-	-	-	(193,037)	(193,037)
Bonus issue	-	350,122	-	(350,122)	-
Total transactions with owners, recognised directly in equity	(2,035)	194,343	-	(385,371)	(193,063)
At 31 January 2017	2	350,122	60	21,775	371,959

Company statement of changes in equity as at 26 January 2016

	Called up share capital	Share premium account	Capital redempt- ion reserve	Profit and loss account	Total shareholders' Funds
	£'000	£'000	£'000	£'000	£'000
At 28 January 2015	2,037	155,779	60	73,052	230,928
Comprehensive expense for the financial period					
Loss for the financial period	-	-	-	(3,755)	(3,755)
Total comprehensive expense for the period	2,037	155,779	60	69,297	227,173

Welcome Break Holdings Limited

Consolidated statement of cash flows for the 53 weeks ended 31 January 2017

	Note	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January - 2016 £'000
Net cash from operating activities	27	65,445	61,605
Cash flow from investing activities			
Purchase of tangible fixed assets		(18,388)	(29,531)
Proceeds from sale of tangible fixed assets		119	1
Net cash used in investing activities		(18,269)	(29,530)
Cash flow from financing activities			
Repayment of loans		(415,434)	(3,467)
New loans		404,088	8,745
Issue costs of new loans		(11,704)	-
Interest received		207	190
Interest paid		(33,898)	(22,529)
Finance leases		(1,820)	(1,820)
Net cash used in financing activities		(58,561)	(18,881)
Net (decrease)/increase in cash and cash equivalents		(11,385)	13,194
Cash and cash equivalents at the beginning of the year		48,462	35,268
Cash and cash equivalents at the end of the year	18	37,077	48,462

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017

1 Principal accounting policies

(a) General information

Welcome Break Holdings Limited ('the Company') and its subsidiaries (together "the Group") operate motorway service areas and motels.

The Company is a private company limited by shares and is incorporated and domiciled 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 a going concern basis, under the historical cost convention, 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.

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 Group'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.

(c) Basis of consolidation

The consolidated results and position include the financial statements of the Company and its subsidiary undertakings made up to 31 January 2017. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 29 January 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

(d) Related party transactions

The Group 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.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

1 Principal accounting policies (continued)

(e) 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 Group 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:

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

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

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

Under specific agreements where the Group 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.

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

(f) 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 Group 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.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

1 Principal accounting policies (continued)

(f) Pensions (continued)

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group 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 Group'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 period; 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'.

(g) Operating leases: lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

(h) Operating leases: lessor

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

(i) Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items', are material by nature or were treated as exceptional items in previous years and are treated as exceptional items in the current year for consistency. These are disclosed separately to provide further understanding of the financial performance of the Group.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

1 Principal accounting policies (continued)

(j) 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.

(k) Interest income

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

(l) Interest on loan notes

Interest payable is accounted for on an accruals basis to the statement of comprehensive income and is added to the carrying amount of the Eurobonds once additional loan notes have been issued, under the terms of the loans, (31 July and 31 January annually) or otherwise unsettled interest is recorded within accruals.

(m) 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 Group 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.

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.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

1 Principal accounting policies (continued)

(n) Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries and associates post 23 December 1998 is capitalised and amortised over its useful economic life. Goodwill, which arose on the acquisition of subsidiaries prior to 23 December 1998, remains eliminated against reserves.

(o) Impairment of goodwill and tangible fixed assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

(p) Fixed asset investments

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

(q) 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 Group 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 Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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. The estimated useful lives range as follows:

Freehold property	-	35 years
Leasehold property	-	over expected life to a maximum of unexpired term (maximum 50 years)
Plant and machinery	-	5 - 10 years
Fixtures, fittings and equipment	-	3 - 10 years

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

1 Principal accounting policies (continued)

(q) Tangible fixed assets and depreciation (continued)

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.

(r) Leased assets

i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance lease.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are include in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

ii) 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.

iii) 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.

(s) Hedge accounting

The Group 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 period.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

1 Principal accounting policies (continued)

(t) Provisions

Provisions are recognised when the Group 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.

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

In the application of the Group'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 period in which the estimate is revised.

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 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.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

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

(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 Group'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.

3 Turnover

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

Analysis of turnover by category:

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Sales of goods and services	672,644	644,045
Rent receivable under operating leases (note 1(e))	4,184	4,277
	<hr/>	<hr/>
	676,828	648,322

All turnover arose in the United Kingdom.

4 Operating profit

Operating profit is stated after charging:

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Inventory recognised as an expense	437,612	426,707
Depreciation of tangible fixed assets (note 14)	21,036	22,919
Operating lease charges – land and buildings	29,100	28,379
Operating lease charges – plant and machinery	2,625	2,561
Other pension costs	785	678

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

5 Exceptional (expenses)/income

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £,000
Exceptional administrative expenses:		
Operational restructuring and compliance	(524)	(569)
Refinancing	(510)	(57)
Costs relating to VAT refund	(154)	-
Dilapidation costs	(1,389)	(2,524)
	(2,577)	(3,150)
	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Exceptional other operating income:		
Write back of provision against the loan to another group undertaking	33,800	-
Shell/Valero dilapidations income	-	10,525
VAT refund	1,834	-
2010 business rate revaluations	2,000	-
	37,634	10,525

6 Auditors' remuneration

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Fees payable to Group auditors for the audit of the Company and consolidated financial statements	10	10
Fees payable to the Group's auditors and its associates for other services:		
The audit of Company's subsidiaries pursuant to legislation	163	163
Audit related assurance services	6	22
Tax services	285	141
Services relating to corporate finance transactions entered into by the Company and its associates	491	-
Other non-audit services	112	117
	1,067	453

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

6 Auditors' remuneration (continued)

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 period is £183,000 (2016: £183,000).

7 Directors' remuneration

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Aggregate emoluments	1,581	1,690
Defined benefit pension scheme	5	3
	1,586	1,693
	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Highest paid director		
Aggregate emoluments	763	831

In the period to 31 January 2017 three of the directors were remunerated by Welcome Break Group Limited (2016: three) 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.

8 Employee information

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

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 restated £'000
Wages and salaries	74,673	66,351
Other taxation and social security costs	4,302	4,306
Other pension costs	785	678
	79,760	71,335

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

8 Employee information (continued)

2016 has been restated to reduce the wages and salaries disclosure by £2.2m due to the reclassification of certain agency costs to operating expenses.

The average weekly number of persons (including executive directors) employed by the Group during the period was:

By activity:	53 weeks ended 31 January 2017 Number	52 weeks ended 26 January 2016 Number
- operational	3,782	3,805
- managerial and administrative	1,189	935
	4,971	4,740

The key management team compensation, including directors and members of the executive management team, paid or payable for employee services is shown below:

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Salaries and other short-term benefits	2,445	2,457
Post-employment benefits	-	-
	2,445	2,457

9 Interest receivable and similar income

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Interest receivable from group companies	7,141	7,044
Bank and other interest	207	193
	7,348	7,237

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

10 Interest payable and similar charges

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Bank interest payable	(29,122)	(28,132)
Loan	(10,198)	(8,579)
Amortisation of issue costs of loan	(8,829)	(3,940)
Finance lease charges	(1,574)	(1,586)
Other interest and similar charges payable	(51)	(50)
	<u>(49,774)</u>	<u>(42,287)</u>

The amortisation of issue costs includes exceptional costs of £4,818,000 which relates to the write off of issue costs of repaid loans.

11 Other finance expense

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Net interest expense on net defined benefit liability	(29)	(94)

12 Tax

a) Tax on profit on ordinary activities

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Current tax charge:		
Group relief payable	3,283	2,988
Adjustment in respect of prior periods	(975)	989
Total current tax	<u>2,308</u>	<u>3,977</u>

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

12 Tax (continued)

b) Tax included in other comprehensive income

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Deferred tax:		
Deferred taxation on timing differences	(78)	78

The tax assessed for the current period varies from the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Profit on ordinary activities before taxation	34,324	5,769
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	6,865	1,154
Effects of:		
Income not subject to tax	(6,760)	-
Expenses not deductible for tax	1,669	1,838
Unrecognised deferred tax	1,533	2,200
Adjustments in respect of prior periods	(975)	989
Tax adjustment for transfer pricing	(105)	(99)
Utilisation of prior year losses	-	(2,105)
Re-measurement of deferred tax – change in UK tax rate	81	-
Total tax charge for the financial period	2,308	3,977

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the March 2016 Budget the Government announced that it plans to introduce new rules to restrict the deductibility of net interest costs from 1 April 2017. As the proposed changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

12 Tax (continued)

At 31 January 2017 the Group had unused tax losses amounting to £3,331,000 (26 January 2016: £3,330,000) for which no deferred tax asset has been recognised. These tax losses are not expected to expire. The Group has not recognised a deferred tax asset as it is not deemed sufficiently certain that the Group will generate sufficient taxable profits for the asset to be utilised. The total amount of deferred tax unrecognised at 31 January 2017 is £15,362,000 (26 January 2016: £13,666,000).

Company

At 31 January 2017 the Company had unused tax losses amounting to £2,019,000 (26 January 2016: £2,018,000) for which no deferred tax asset has been recognised. These tax losses are not expected to expire.

The Company has not recognised a deferred tax asset as it is not deemed sufficiently certain that the Company will generate sufficient taxable profits for the asset to be utilised.

13 Profit/(loss) on ordinary activities after taxation of the Company

As permitted by Section 408 of the Companies Act 2006, the parent company's statement of comprehensive income has not been included in these financial statements. The parent company's profit on ordinary activities after taxation for the financial period was £337,849,000 (2016: £3,755,000 loss). The profit includes exceptional impairment charges against investment in subsidiary of £496,992,000, write back of provision against the loan to another group undertaking of £33,800,000 and dividend in specie received of £811,240,000 as part of the restructuring.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

14 Tangible fixed assets

Group	Land and buildings		Plant and machinery	Fixtures, fittings and equipment	Assets under construction	Total
	Freehold	Leasehold				
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 27 January 2016	20,082	419,281	34,109	124,870	2,849	601,191
Additions	272	5,759	4,391	5,333	-	15,755
Disposals	(4)	(1,370)	(431)	(1,956)	-	(3,761)
Re-classifications and transfers	-	2,065	138	646	(2,849)	-
At 31 January 2017	20,350	425,735	38,207	128,893	-	613,185
Accumulated depreciation						
At 27 January 2016	9,538	213,070	13,385	101,023	-	337,016
Charge for the period	824	9,911	2,848	7,453	-	21,036
Disposals	-	(267)	(144)	(1,418)	-	(1,829)
At 31 January 2017	10,362	222,714	16,089	107,058	-	356,223
Net book value						
At 31 January 2017	9,988	203,021	22,118	21,835	-	256,962
At 26 January 2016	10,544	206,211	20,724	23,847	2,849	264,175

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

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Freehold	9,988	10,544
Long leasehold	3,500	3,543
Short leasehold	199,521	204,688
	213,009	218,775

There was no interest capitalised in fixed asset additions in the period. The cumulative amount of interest capitalised in the total cost above is £524,000 (2016: £524,000).

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

14 Tangible fixed assets (continued)

Assets held under finance leases

	Land and buildings leasehold £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 31 January 2017 and 27 January 2016	16,880	70	16,950
Accumulated depreciation			
At 27 January 2016	9,084	70	9,154
Charge for the financial period	239	-	239
At 31 January 2017	9,323	70	9,393
Net book value			
At 31 January 2017	7,557	-	7,557
At 26 January 2016	7,796	-	7,796

15 Fixed asset investments

	Company £'000
At 27 January 2016	461,092
Investment in subsidiary undertaking	375,000
Impairment in subsidiary undertaking	(496,992)
At 31 January 2017	339,100

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

	% of shares held
Direct subsidiary undertaking	
Welcome Break No. 3 Limited	100
Welcome Break No. 2 Limited	100
Welcome Break Finance (2) Limited (dormant)	100
Welcome Break Finance (3) Limited (dormant)	100
Welcome Break Services Limited	100
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	100
Welcome Break Limited	100
Motorway Services Limited	92
Welcome Break KFC Limited	100
Welcome Break Coffee Primo Limited	100
Welcome Break KFC Starbucks Limited	100

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

15 Fixed asset investments (continued)

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
Joint venture	
Welcome Break Gretna Green Partnership	100

All the above trading entities are operators of motorway service areas.

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

The recoverable amount of the investments have been reviewed for impairment in the period. The review confirmed that the recoverable value of the investment was lower than the carrying value of the investment and accordingly an impairment of £497.0m has been recognised as an exceptional charge in the profit and loss account (see note 13).

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

16 Stocks

	Group		Company	
	31 January 2017 £'000	26 January 2016 £'000	31 January 2017 £'000	26 January 2016 £'000
Finished goods and goods for resale	8,888	8,623	-	-

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

17 Debtors

	Group		Company	
	31 January 2017 £'000	26 January 2016 £'000	31 January 2017 £'000	26 January 2016 £'000
Amounts falling due within one year				
Trade debtors	7,005	6,196	-	-
Amounts owed by group undertakings	-	-	29,488	23,953
Other debtors	5,725	3,071	-	-
Prepayments and accrued income	4,460	8,759	-	-
	17,190	18,026	29,488	23,953

Company

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

	Group		Company	
	31 January 2017 £'000	26 January 2016 £'000	31 January 2017 £'000	26 January 2016 £'000
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	152,097	3,371	62,291

The loans to group 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 for the loan to be repaid within one year. Prepayments may be made at any time and in any amount without penalty interest rates. The inter-company loans bear interest at a rate of 4.1% and no security has been provided.

18 Cash and cash equivalents

	Group		Company	
	31 January 2017 £'000	26 January 2016 £'000	31 January 2017 £'000	26 January 2016 £'000
Cash at bank and in hand	37,077	48,462	-	-

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

19 Creditors: amounts falling due within one year

	Group		Company	
	31 January 2017 £'000	26 January 2016 £'000	31 January 2017 £'000	26 January 2016 £'000
Trade creditors	19,890	18,695	-	-
Amounts owed to group undertakings	40,153	38,010	-	-
Other taxation and social security	7,602	5,555	-	-
Other creditors	4,932	8,481	-	-
Accruals and deferred income	14,166	23,155	-	-
	86,743	93,896	-	-

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

20 Creditors: amounts falling due after more than one year

	Group		Company	
	31 January 2017 £'000	26 January 2016 £'000	31 January 2017 £'000	26 January 2016 £'000
Bank loans	388,301	334,816	-	-
Loan notes and accrued interest	-	58,346	-	-
Amounts owed to subsidiary undertaking	-	-	-	320,163
Other loan	7,377	3,160	-	-
Finance leases	17,668	18,024	-	-
Financial instruments	2,737	1,085	-	-
Accruals and deferred income	489	530	-	-
	416,572	415,961	-	320,163

Group

On 30 January 2017 the Group completed a re-financing of the existing senior debt held by Welcome Break Group Limited, the existing junior debt held by Welcome Break No. 1 Limited, and the vendor loan notes held by Welcome Break No. 3 Limited.

The senior debt, junior debt and vendor loan notes have been fully repaid funded by a new 5 year £300m senior debt facility (including undrawn £30m capital facility and £10m working capital facility and £50m uncommitted incremental capital facility) and a new 6 year £100m junior debt facility.

The interest rate on the new senior facility is at LIBOR plus 2.75% in years 1 and 2, 3.0% in year 3, 3.25% in year 4 and 3.5% in the final year. Interest is paid quarterly in arrears in cash.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

20 Creditors: amounts falling due after more than one year (continued)

The issue costs for the new senior loan totalled £8,737,000 and are being amortised over the term of the loan. In order to show the Group's net borrowings the loan and the issue costs have been offset.

The un-amortised amount of these costs was £8,732,000 as at 31 January 2017.

The senior loan is subject to excess cash flow arrangements from the third anniversary of the loan (rising from 25% in the first half year to 100% in the final half year of the five year term).

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

The interest rate on the new junior facility is at LIBOR plus 8.0%. Interest is paid quarterly in arrears in cash.

The issue costs for the new junior loan totalled £2,968,000 and are being amortised over the term of the loan. In order to show the Group's net borrowings the loan and the issue costs have been offset.

The un-amortised amount of these costs was £2,966,000 as at 31 January 2017.

The junior debt is repayable in full on maturity.

Welcome Break No. 1 Limited has guaranteed the obligations of itself and Welcome Break No. 2 Limited under the junior loan obtained by Welcome Break No. 1 Limited which are secured by fixed and floating charges over its assets.

A loan agreement was entered into on 22 October 2015 for £7,740,000 for the redevelopment of Sarn Park. During the period £4,014,000 of the loan was drawn down (2016: £3,645,000), £256,000 has been repaid (2016: £508,000) and £292,000 that was prepaid in FY16 was refunded in the FY17 under the terms of the loan agreement. Interest costs of £227,000 have been capitalised in the period (2016: £23,000). The effective interest rate on the loan is 3.59%. The loan matures on 22 October 2065.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

21 Loans

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

	31 January 2017 £'000	26 January 2016 £'000
Within one year or on demand	446	276
Between one and five years	301,959	396,671
After five years	123,086	19,542
	425,491	416,489

Finance leases

The future minimum finance lease payments are as follows:

	31 January 2017 £'000	26 January 2016 £'000
Within one year or on demand	1,906	1,822
Between one and five years	7,451	7,464
After five years	28,785	30,648
Total gross payments	38,142	39,934
Less: finance charges	(20,088)	(21,634)
Carrying amount of liability	18,054	18,300

22 Financial instruments

	Group		Company	
	31 January 2017 £'000	26 January 2016 £'000	31 January 2017 £'000	26 January 2016 £'000
Financial assets that are debt instruments measured at amortised cost				
Amounts owed by group undertakings	-	152,097	32,859	86,244
Trade debtors	7,005	6,196	-	-
Other debtors	5,725	3,071	-	-
	12,730	161,364	32,859	86,244

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

22 Financial instruments (continued)

	Group		Company	
	31 January 2017 £'000	26 January 2016 £'000	31 January 2017 £'000	26 January 2016 £'000
Financial liabilities measured at amortised cost				
Bank loans	388,301	334,816	-	-
Loan notes and accrued interest	-	58,346	-	-
Other loan	7,377	3,160	-	-
Finance leases	17,668	18,024	-	-
Amounts owed to group undertakings	40,153	38,010	-	320,163
Trade creditors	19,890	18,695	-	-
Other creditors	4,932	8,481	-	-
	478,321	479,532	-	320,163

	Group		Company	
	31 January 2017 £'000	26 January 2016 £'000	31 January 2017 £'000	26 January 2016 £'000
Derivative financial instruments designed as hedges of variable interest rate risk				
Derivative financial instruments	2,737	1,085	-	-

Derivative financial instruments – Interest rate swaps

The Group has taken out interest rate swap agreements terminating in January 2022 to hedge the Group's exposure to interest rate movements on the new senior loan facility. As at 31 January 2017 the amount of debt covered by the interest rate swaps was £300,000,000 at a fixed interest rate of 1.075%. The fair value of the interest rate swaps at the period end was a liability of £2,737,000 (2016: £1,085,000).

23 Provisions for liabilities

Group	Self-insurance costs £'000	Deferred tax £'000	Total £'000
At 27 January 2016	1,279	78	1,357
Charge for the period	698	(78)	620
Utilised in the period	(528)	-	(528)
At 31 January 2017	1,449	-	1,449

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.

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

24 Called up share capital

Group and Company	31 January 2017 £	26 January 2016 £
Allotted and fully paid		
1,854,502 (26 January 2016: 1,854,501) ordinary shares of £0.001 (2016:£1) each	1,855	1,854,501
nil (26 January 2016: 56,950) A1 shares of £1 each	-	56,950
nil (26 January 2016: 68,450) A2 shares of £1 each	-	68,450
nil (26 January 2016: 57,450) A3 shares of £1 each	-	57,450
	1,855	2,037,351

As part of the restructuring the nominal value of the ordinary shares was reduced from £1.00 to £0.001 for each share and the share premium account cancelled. Subsequently there was a bonus issue of 1 share of £0.0001 issued at a premium. In addition the A1, A2 and A3 shares were cancelled.

25 Reserves

Share premium

The share premium account represents the consideration received on the issue of shares in the Group in excess of the nominal value of those shares, net of share issue costs, bonus issues of shares and any subsequent capital reductions.

As part of the restructuring the company undertook capital reductions resulting in the cancellation of the share premium account.

Subsequently a bonus issue of one share was made at a premium.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve and represents paid up share capital.

Cash flow hedge reserve

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

Profit and loss account

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

As part of the restructuring a distribution in specie of £193.0m and a capital contribution of £0.03m were made by the Company in settlement of intercompany balances (2016: £nil).

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

26 Non-controlling interests

Group	£'000
At 27 January 2016	10,382
Total comprehensive income attributable to non-controlling interests	560
Dividend payable	(1,250)
At 31 January 2017	9,692

27 Notes to the cash flow statement

	52 weeks ended 26 January 2016 £'000	52 weeks ended 26 January 2016 £'000
Profit for the financial period	32,016	1,792
Adjustments for:		
Tax on profit on ordinary activities	2,308	3,977
Net interest expense	42,455	35,144
Operating profit	76,799	40,913
Depreciation of tangible fixed assets (including profit on disposal of fixed assets)	21,032	22,919
Additional pension contribution	(1,000)	(1,000)
Increase/(decrease) in provisions	170	(62)
Increase in stock	(265)	(899)
Increase in debtors due within one year	(31,166)	(3,670)
(Decrease)/increase in creditors due within one year	(83)	3,442
Decrease in creditors due over one year	(42)	(38)
Cash flow from operating activities	65,445	61,605

Analysis of changes in net debt

	At 27 January 2016 £'000	Cash flow £'000	Non cash Movement £'000	At 31 January 2017 £'000
Cash in hand and at bank	48,462	(11,385)	-	37,077
Finance leases	(18,300)	1,820	(1,574)	(18,054)
Debt due after 1 year	(397,408)	11,346	(12,414)	(398,476)
Total	(367,246)	1,781	(13,988)	(379,453)

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

28 Financial commitments

At 31 January 2017 the Group was committed to make payments during the following period under non-cancellable operating leases as follows:

Payments due	Land and buildings		Other	
	31 January 2017 £'000	26 January 2016 £'000	31 January 2017 £'000	26 January 2016 £'000
Not later than one year	30,274	27,925	3,114	3,340
Later than one year and not later than five years	131,379	123,299	1,083	1,693
Later than five years	503,481	520,994	-	-
	665,134	672,218	4,197	5,033

29 Capital commitments

	31 January 2017 £'000	26 January 2016 £'000
Future capital expenditure contracted but not provided for	104	8

30 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 Group 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 2014 and updated to 26 January 2016 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 Group was £785,000 (2016: £678,000). At the period end there were unpaid pension contributions of £86,000 (26 January 2016: £95,000).

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

30 Pension commitments (continued)

Reconciliation of plan liabilities

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
At the beginning of the financial period	(34,534)	(38,432)
Interest cost	(1,298)	(1,167)
Actuarial (losses)/gains	(8,781)	3,494
Benefits paid	798	1,571
At the end of the financial period	(43,815)	(34,534)

Reconciliation of plan assets

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
At the beginning of the financial period	34,999	37,443
Interest income	1,269	1,073
Actuarial gains/(losses)	3,427	(2,946)
Contributions	1,000	1,000
Benefits paid	(798)	(1,571)
At the end of the financial period	39,897	34,999

Composition of plan assets:

	31 January 2017 £'000	26 January 2016 £'000
Equity securities (including diversified fund)	25,014	23,776
Debt securities	9,943	8,961
Other	4,940	2,262
Total plan assets	39,897	34,999

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

30 Pension commitments (continued)

	31 January 2017 £'000	26 January 2016 £'000
Fair value of plan assets	39,897	34,999
Present value of plan liabilities	(43,815)	(34,534)
Net pension scheme (liability)/asset	(3,918)	465

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

	53 weeks ended 31 January 2017 £'000	52 weeks ended 26 January 2016 £'000
Interest on obligation	(29)	(94)

The Group expects to contribute £1.0m to its Defined benefit pension scheme in 2017.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31 January 2017	26 January 2016
Discount rate	2.90%	3.80%
Rate of retail price inflation	3.40%	3.10%
Assumed life expectations on retirement at age 65		
Retiring today (member age 65)	23.1	23.4
Retiring in 25 years (member age 40 today)	25.2	25.4

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

Defined benefit pension schemes

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Defined benefit obligation	(43,815)	(34,534)	(38,432)	(30,929)	(30,626)
Scheme assets	39,897	34,999	37,443	32,779	30,374
Surplus/(deficit)	(3,918)	465	(989)	1,850	(252)

Welcome Break Holdings Limited

Notes to the financial statements for the 53 weeks ended 31 January 2017 (continued)

31 Related party disclosures

The Company has taken advantage of the exemption provided by FRS102 para 33.1A, where subsidiary undertakings (of which 100% of the voting rights are controlled within the Group) are exempt from the need to disclose transactions with other group companies where the ultimate parent publishes its consolidated financial statements. This has been applied in respect of transactions with other group companies.

During the period to 31 January 2017 the Company surrendered group relief of £1,331,000 (52 weeks ended 26 January 2016: £229,000) to Motorway Services Limited, a company which it indirectly holds 92% of the voting shares. The balance at 31 January 2017 due from Motorway Services Limited is £21,493,000 (26 January 2016: £20,162,000).

32 Ultimate controlling company

The immediate parent undertaking is Welcome Break Group Holdings Limited, which is the parent undertaking of the smallest group to consolidate these financial statements. Copies of Welcome Break Group Holdings Limited's consolidated financial statements can be obtained from the Companies House.

Appia Group Limited, incorporated in Jersey, is the largest group to consolidate these financial statements. Copies of Appia Group Limited's consolidated financial statements are available from Companies House as an appendix to Appia Europe Limited's financial statements. Appia Europe Limited is the top UK company within the Appia group of companies.

During the period ended 31 January 2017 and up until 23 May 2017 Appia Group Limited, the ultimate parent company, was owned by a consortium of infrastructure investors and the holdings of the consortium were: NIBC European Infrastructure Fund 55% (2016: 55%); ING European Infrastructure Fund 30% (2016: 30%) and Challenger Life 15% (2016: 15%).

On 23 May 2017 ING European Infrastructure Fund and Challenger Life sold their shareholding to Pansy S.a.r.l. From this date the holdings of the consortium are: NIBC European Infrastructure Fund 55% (2016: 55%) and Pansy S.a.r.l 45% (2016: nil). There is no single ultimate parent undertaking or controlling party of Appia Group Limited.