Company Registration No. 00734299

MOTO HOSPITALITY LIMITED

Annual Report and Financial Statements

For the 52 weeks ended 25 December 2019

MOTO HOSPITALITY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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MOTO HOSPITALITY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

DIRECTORS

K McMeikan	
C Catlin	(appointed 15 May 2020)
R Prynn	(resigned 15 May 2020)

COMPANY SECRETARY

J Elson

REGISTERED OFFICE

Toddington Services Area
Junction 11-12 M1 Southbound
Toddington
Bedfordshire
LU5 6HR

AUDITOR

Deloitte LLP, Statutory Auditor
Nottingham, United Kingdom

BANKERS

Lloyds Bank plc
249 Silbury Boulevard
Milton Keynes MK9 1NA

LAWYERS

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London EC4R 9HA

MOTO HOSPITALITY LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activity of Moto Hospitality Limited (the "Company") continues to be that of operating motorway and trunk road service areas in the UK and it will continue to be for the foreseeable future.

EVENTS AFTER THE REPORTING DATE

Since 25 December 2019, the outbreak of Covid-19 has severely disrupted many UK businesses, leading to an economic slowdown. The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the period ended 25 December 2019 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

BUSINESS REVIEW

The Company has continued to experience steady non-fuel turnover and PBITDA growth in the period.

The Company turnover has decreased by £12,346,000 (2018: £17,481,000 increase) to £780,763,000 for the 52 weeks ended 25 December 2019, compared to £793,109,000 in the 52 week period ended 26 December 2018, a decrease of 1.6% (2018: 2.3% increase). The movement in turnover was primarily driven by fuel turnover, which decreased by 4.5% (2018: 4.0% increase), whereas non-fuel turnover increased at a rate of 1.7% (2018: 0.3% increase).

Operating profit amounted to £65,399,000 (2018: £63,098,000), an increase of £2,301,000 (2018: £3,242,000 decrease).

The result includes the utilisation of £741,000 (2018: £729,000) in relation to the Travelodge onerous contract provision and £1,760,000 (2018: £391,000) loss on disposal of tangible fixed assets. Excluding depreciation, as well as these one-off items, the Adjusted PBITDA has increased by £2,800,000, an increase of 2.7% (2018: 0.0%), to £106,700,000 for the 52 weeks ended 25 December 2019, compared to £103,900,000 in the 52 weeks ended 26 December 2018. Further KPIs are set out on the following pages.

The directors consider the financial position of the company to be as expected given the structure of the group. The company reported net liabilities of £563,020,000 (2018: £448,531,000) as at 25 December 2019.

FUTURE DEVELOPMENTS

The business has experienced a sharp decline in sales following implementation of the UK Government's strict social distancing measures in the fight against Covid-19. Like-for-like sales for April and May 2020 were 83% lower than the same period last year, reflecting a significant reduction to the number of vehicles travelling on the UK's strategic road network. All of our sites remain open but with temporary closure of some catering and other non-essential services.

Despite the impact of Covid-19, the long-term strategy of the business remains unchanged, we will continue to improve our product offerings in order to attract a more diverse customer base and realise our growth potential. During 2020 the business has committed to invest in existing franchised offers, such as Costa, Greggs, and KFC and will complete construction of its new MSA on the M6 at Rugby.

In March 2018 it was reported that the Transport Secretary has written to the Competition and Markets Authority requesting an investigation into fuel retail prices at Motorway Services Areas. As at the date of these financial statements, the Group has not received any correspondence in respect of this potential matter and the directors are not aware of any further developments.

WALKER GUIDELINES

The Directors have ensured compliance with the Walker Guidelines disclosures at the parent company level, Moto Holdings Limited

STRATEGIC REPORT (CONTINUED)

GOING CONCERN

The Group's external debt financing was refinanced in March 2017. The external debt financing is held in Group companies and has been lent via intercompany loan agreements to Moto Hospitality Limited with no fixed date of repayment. Interest is payable on the intercompany debt at rates higher than those payable on the external debt financing in order to distribute the trading profit of Moto Hospitality Limited to the holding companies to ensure service of the external debt and to facilitate dividend payments to shareholders at the Moto Holdings Limited level.

Monthly cash flow forecasts have been prepared for the business going forward to the end of 2025. These cash flows assume that the profitability of the trading company grows in accordance with a detailed Business Plan.

The cash flow forecasts assume that all liabilities of the business going forward are met in accordance with contractual terms. External interest payments are hedged and the payments due under the terms of the hedge are built into the forecasts.

The directors continue to monitor and respond to the impact of Covid-19 on the business and all available actions have been taken to protect both profit and cash, but also the safety of customers and colleagues. The Group temporarily closed catering and non-essential services, reduced operational headcount taking advantage of the Coronavirus Job Retention Scheme. The Group has also taken advantage of the business rates holiday, deferred VAT, PAYE and Corporation tax payments, reduced discretionary overheads expenditure and reduced its capital expenditure programme. As the number of vehicles travelling on the UK's strategic road network continues to increase, the Group is now beginning to re-open its catering and other non-essential services with the support of colleagues returning from furlough.

Furthermore, the Group has raised an additional incremental revolving facility of £50 million from its existing lenders. The terms of the additional facility are consistent with those of the existing debt with repayment due in March 2022.

The directors have considered the impact of Brexit on the business and have put in place a contingency plan to mitigate the possible impact of a "no deal" scenario. The directors remain confident that the Group's operations are robust enough to deal with the challenges this could bring.

Stress testing of the Groups forecast cash flows indicates that the Group has sufficient liquidity for at least the next 12 months. However, in the potential scenario that subsequent waves of Covid-19 require the introduction of further national or regional travel restrictions, leading to further operational disruption and a slowdown in the planned recovery of the business, it is possible the Group would breach certain borrowing covenants within the next 12 months. It is the expectation of management that in this extreme downside scenario the Group's lenders will extend the period for which already agreed adjustments to covenant calculations apply. However, as the waiver of covenants in the event of a breach under this downside case is not wholly within management's control, this represents a material uncertainty which could cast a significant doubt upon the Company's continued ability to operate as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In summary, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on the going concern basis.

OBJECTIVES AND STRATEGY

Moto enjoyed a credible financial performance in 2019, despite continued uncertainty in the macro-economic climate and weak consumer confidence. The Company expects to continue benefiting from current trends in the market, which include the increase in preference for branded food outlets. The Company is well-placed to benefit from a recovery in the UK economy and remains focused on long term growth.

Moto aims to provide exceptional service and an unrivalled customer experience to all of its visitors by providing a diverse range of high quality brands and offerings on each of its sites. Moto is committed to continued investment across its network of sites, further strengthening its strong brand portfolio in order to continue to exceed the expectations of its customers. Moto is committed to achieving its goals profitably and sustainably.

STRATEGIC REPORT (CONTINUED)

KPIs

The KPIs reported in the financial statements and the table below include numbers and comparatives for turnover, cash flow, PBITDA (profit before interest, tax, depreciation and amortisation), loss before tax, creditor days and headcount. In addition the number of transactions across sites is monitored. Adjusted PBITDA excludes certain non-recurring and non-cash items included in PBITDA.

KPI	**52 weeks ended 25 December 2019**	**52 weeks ended 26 December 2018**
Turnover	£780.8m	£793.1m
PBITDA	£105.6m	£104.2m
Adjusted PBITDA	£106.7m	£103.9m
Loss before taxation	£116.8m	£106.1m
Creditor days	45 days	44 days
Headcount (average number of persons employed)	5,314	5,346
Number of transactions (excluding fuel and forecourt purchases)	55m	55m

Adjusted PBITDA	**52 weeks ended 25 December 2019**	**52 weeks ended 26 December 2018**
Operating profit	£65.4m	£63.1m
Depreciation	£40.2m	£41.1m
PBITDA	£105.6m	£104.2m
Travelodge provision utilisation (see note 5)	£(0.7)m	£(0.7)m
Loss on disposal of fixed assets	£1.8m	£0.4m
Adjusted PBITDA	£106.7m	£103.9m

Management believe these are the most important financial KPIs for the business, allowing them to accurately monitor the growth of the business.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

Credit & finance risk
The majority of sales are by cash or credit card therefore the company is not exposed to any significant credit risk. The company has not entered into any transactions or arrangements relating to financial instruments thus limiting its exposure to the risks associated with such instruments. Further detail on financial risks is given in the Directors' Report.

Macro-economic risk
The duration and severity of the Covid-19 disruption will have a negative effect on global economic conditions, financial markets and demand for our products and services. A prolonged impact could materially affect our business, results of operations and financial condition.

Withdrawal from the European Union may have a negative effect on wider macro economic conditions, financial markets and demand for our products and services, which could materially affect our business, results of operations and financial condition.

Competitor risk
There are significant barriers for entry for a potential new motorway service station operator, which protects the company's position in the market.

Commercial relationships
The company benefits from close commercial relationships with a number of key suppliers. Damage to or loss of any of these relationships could have a direct effect on the company's results, which may be material. To manage this risk the company performs regular supplier reviews.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term debt finance.

Traffic risk
The company remains exposed to traffic risks, which include disruption to the road networks and the threat of a severe economic downturn affecting traffic volumes. The company mitigates these risks through regular correspondence with Highways England and close monitoring of long term traffic forecasts.

Brand/franchisee risk
The company is exposed to brand risk through the relationships it enjoys with its franchise partners. To mitigate this risk, the company aims to develop relationships with major brands that have a strong track record in their respective markets. The company also performs rigorous checks on any potential partner companies prior to committing to any new contracts.

Approved by the Board of Directors
and signed on behalf of the board

C Catlin
Director
19 June 2020

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the audited financial statements for the 52 weeks ended 25 December 2019.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

EVENTS AFTER THE REPORTING DATE

Since 25 December 2019, the outbreak of Covid-19 has severely disrupted many UK businesses, leading to an economic slowdown. The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the period ended 25 December 2019 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the wider group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The wider group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The wider group's activities expose it primarily to the financial risks of changes in interest rates. The wider group uses interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments in the wider group is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the wider group uses a mixture of long-term and short-term debt finance.

SOCIAL AND COMMUNITY ISSUES

The Moto in the Community Trust is the charitable arm of Moto Hospitality Limited, focusing on identifying opportunities to assist with community projects, providing financial assistance and people-power where it is most needed.

The Trust aims to make a difference to the local communities of which Moto sites are a part. Since 2000, Moto employees have been fundraising for various national and local charities, and also engaging in the support of local community projects. In 2005 Moto launched the Moto in the Community Trust in order to focus fundraising activity even further to make it possible to make an even bigger difference to the communities around Moto sites. The Trust currently has 40 local community partners who are linked to Moto sites around the UK, building strong links with our communities. Our community partners benefit not only from financial grants but the opportunity to work with our sites to raise the profile of their Organisations. Since 2005 the Moto in the Community Trust is proud to have raised over £6.0m to support national and local community charities. The Trust has put a new target of £10.0m in place having reached the previous target of £6.0m in 2019.

DIRECTORS' REPORT (CONTINUED)

SOCIAL AND COMMUNITY ISSUES (CONTINUED)

The Moto in the Community Trust partners with a national charity voted for by Moto staff. Charity of the year partners have included Macmillan, Breast Cancer Care and our current national partner since 2012, Help for Heroes.

Following an eighth year of a very successful national partnership with Help for Heroes we are very proud to have made a donation of £500,000 following the 2019 fundraising year. This brings our overall donation to Help for Heroes to £2.8m to date. Having achieved the target pledged to Help for Heroes of £2.0m, the Trust has set a new target pledge of another £1.0m to raise the total donation to £3.0m by the end of the 2020 fundraising year.

An ongoing initiative of Moto in the Community is the 'adopt-a-school' programme. Every Moto site in the UK has adopted a local school helping them to focus their support on building strong community links. The schools that form part of the 'adopt-a-school' programme are an integral part of Moto's community activities. Since 2005, Moto employees have presented more than 139,000 books to children in their adopted schools. The Moto in the Community Trust also has an active volunteering scheme – 'making-a-difference' - offering Moto employees the opportunity to volunteer both in their immediate communities and as part of nationwide projects.

In 2019 Moto Hospitality donated its carrier bag income of £138,830 to Moto in the Community Trust, which has enabled the trust to donate to environmental charity projects including The Woodland Trust and the Wildfowl and Wetland Trust.

The Moto in the Community Trust also explores opportunities to educate staff and customers of their motorway service areas on road safety issues that affect motorway safety as well as community road safety.

The Moto in the Community Trust is a grant-making trust which spends time listening to feedback from Moto employees about the communities they live in and looking at opportunities for the Trust to provide support that will make a real impact on community life. Further details of the Trust are available on the Moto in the Community website www.motointhecommunity.co.uk.

ENVIRONMENTAL POLICY

Moto is committed to being an environmentally responsible group and aims to manage its activities in order to minimise its impact on the environment. Moto has undertaken a number of key environmental initiatives to help promote sustainable business practices which include:

Energy Management - Investment in energy-efficient technology to reduce power consumption. There are operational procedures to reduce power consumption on heating and hot water, lighting and power.

Waste Management – Moto continued to work to reduce the level of waste sent to landfill. In 2019 we have recycled 500 tonnes of cardboard waste. The majority of our locations now operate an energy from waste scheme which has resulted in 74% of our waste being diverted from landfill in 2019.

Used Cooking Oil – Moto has continued to recycle used cooking oil. In 2019 we have recycled 264 tonnes of used cooking oil, which contributed to the production of biodiesel resulting in a carbon saving of 612 tonnes. This is equivalent to 542 cars being removed from the roads in one year.

A detailed list of all environmental initiatives being undertaken by the Group can be located on the Moto website.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the period are shown in the profit and loss account on page 12. The directors recommend that no dividend be paid for the period (2018: £Nil).

SUPPLIER PAYMENT POLICY

The company does not follow a specific standard or code for the payment of suppliers. It agrees payment terms with its suppliers when it enters into contracts. It then seeks to adhere to these arrangements providing it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions.

EMPLOYMENT POLICY AND HUMAN RIGHTS

There are established procedures for employees to receive regular news and information regarding the business and development of the Company. Arrangements are made for consultation to take place and site newsletters and periodic company bulletins are circulated to all staff. The Company recognises the value of employee involvement in effective communications and the need for their contribution to decision making on matters affecting their jobs. To achieve employee involvement at the relevant level the Company has a framework for consultation and the provision of information, having regard to the mix and location of employees.

DIRECTORS' REPORT (CONTINUED)

EMPLOYMENT POLICY AND HUMAN RIGHTS (CONTINUED)

Suitable procedures are in operation to support the Company's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitude and abilities, including existing employees who become disabled.

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Through our Corporate Social Responsibility Policy, we work to ensure that we do not infringe human rights in our operations or business relationships.

DIRECTORS

The directors who served during the period and subsequently are shown on page 1.

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 auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is 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 auditor of the company. A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the board

C Catlin
Director
19 June 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

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 judgments 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTO HOSPITALITY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Moto Hospitality Ltd:

- give a true and fair view of the state of the company's affairs as at 25 December 2019 and of its loss 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 profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that due to the recent COVID-19 pandemic there could be further operational disruption which in certain downside scenarios could cause a breach of borrowing covenants. As stated in note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTO HOSPITALITY LIMITED (CONTINUED)

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Joanna Waring FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Nottingham, UK

19 June 2020

PROFIT AND LOSS ACCOUNT
For the 52 weeks ended 25 December 2019

	Note	52 weeks ended 25 December 2019 £'000	52 weeks ended 26 December 2018 £'000
TURNOVER	3	780,763	793,109
Change in stocks of finished goods		685	588
Staff costs	4	(85,762)	(82,828)
Depreciation	5	(40,155)	(41,103)
Other operating costs		(590,132)	(606,668)
OPERATING PROFIT		65,399	63,098
Interest receivable and similar income		146	117
Interest payable and similar charges	6	(182,322)	(169,283)
LOSS BEFORE TAXATION	5	(116,777)	(106,068)
Tax on loss	7	2,288	2,544
LOSS FOR THE FINANCIAL YEAR		(114,489)	(103,524)

All results relate to continuing activities.

There is no other comprehensive income for the current or previous year as shown above. Accordingly, no Statement of Comprehensive Income has been presented.

BALANCE SHEET
As at 25 December 2019

	Note	25 December 2019 £'000	26 December 2018 £'000
FIXED ASSETS			
Tangible assets	8	820,027	822,595
Investments	9	6,736	6,736
		826,763	829,331
CURRENT ASSETS			
Stocks	10	12,241	11,556
Debtors due within one year	11	14,188	19,403
Cash at bank and in hand		39,168	32,702
		65,597	63,661
CREDITORS: amounts falling due within one year	12	(1,398,054)	(1,281,355)
NET CURRENT LIABILITIES		(1,332,457)	(1,217,694)
TOTAL ASSETS LESS CURRENT LIABILITIES		(505,694)	(388,363)
PROVISIONS FOR LIABILITIES	13	(57,326)	(60,168)
NET LIABILITIES		(563,020)	(448,531)
CAPITAL AND RESERVES			
Called-up share capital	14	27,953	27,953
Profit and loss account	14	(1,118,276)	(1,003,787)
Revaluation reserve	14	527,303	527,303
TOTAL SHAREHOLDERS' DEFICIT		(563,020)	(448,531)

The company registration number is 00734299.

These financial statements were approved by the Board of Directors and authorised for issue on 19 June 2020. Signed on behalf of the Board of Directors

C Catlin
Director

STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 25 December 2019

	Note	Called-up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 27 December 2017		27,953	527,303	(900,263)	(345,007)
Loss for the financial period and other comprehensive loss		-	-	(103,524)	(103,524)
At 26 December 2018		27,953	527,303	(1,003,787)	(448,531)
Loss for the financial period and other comprehensive loss		-	-	(114,489)	(114,489)
At 25 December 2019		27,953	527,303	(1,118,276)	(563,020)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

General information and basis of accounting

Moto Hospitality Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Moto Hospitality Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Moto Hospitality Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to share-based payments, financial instruments and presentation of a cash flow statement.

Going concern

The Group's external debt financing was refinanced in March 2017. The external debt financing is held in Group companies and has been lent via intercompany loan agreements to Moto Hospitality Limited with no fixed date of repayment. Interest is payable on the intercompany debt at rates higher than those payable on the external debt financing in order to distribute the trading profit of Moto Hospitality Limited to the holding companies to ensure service of the external debt and to facilitate dividend payments to shareholders at the Moto Holdings Limited level.

Monthly cash flow forecasts have been prepared for the business going forward to the end of 2025. These cash flows assume that the profitability of the trading company grows in accordance with a detailed Business Plan.

The cash flow forecasts assume that all liabilities of the business going forward are met in accordance with contractual terms. External interest payments are hedged and the payments due under the terms of the hedge are built into the forecasts.

The directors continue to monitor and respond to the impact of Covid-19 on the business and all available actions have been taken to protect both profit and cash, but also the safety of customers and colleagues. The Group temporarily closed catering and non-essential services, reduced operational headcount taking advantage of the Coronavirus Job Retention Scheme. The Group has also taken advantage of the business rates holiday, deferred VAT, PAYE and Corporation tax payments, reduced discretionary overheads expenditure and reduced its capital expenditure programme. As the number of vehicles travelling on the UK's strategic road network continues to increase, the Group is now beginning to re-open its catering and other non-essential services with the support of colleagues returning from furlough.

Furthermore, the Group has raised an additional incremental revolving facility of £50 million from its existing lenders. The terms of the additional facility are consistent with those of the existing debt with repayment due in March 2022.

The directors have considered the impact of Brexit on the business and have put in place a contingency plan to mitigate the possible impact of a "no deal" scenario. The directors remain confident that the Group's operations are robust enough to deal with the challenges this could bring.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

Stress testing of the Groups forecast cash flows indicates that the Group has sufficient liquidity for at least the next 12 months. However, in the potential scenario that subsequent waves of Covid-19 require the introduction of further national or regional travel restrictions, leading to further operational disruption and a slowdown in the planned recovery of the business, it is possible the Group would breach certain borrowing covenants within the next 12 months. It is the expectation of management that in this extreme downside scenario the Group's lenders will extend the period for which already agreed adjustments to covenant calculations apply. However, as the waiver of covenants in the event of a breach under this downside case is not wholly within management's control, this represents a material uncertainty which could cast a significant doubt upon the Company's continued ability to operate as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In summary, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on the going concern basis.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Fixed assets and depreciation

The company accounts for tangible fixed assets under the cost model, with assets held at deemed cost on the date of transition to FRS 102 less accumulated depreciation and any accumulated impairment losses. The deemed cost on the date of transition to FRS 102 is based on a valuation performed in 2014.

Freehold and long leasehold land is not depreciated. Freehold buildings are depreciated to their estimated residual values over a period of up to fifty years. Leasehold buildings are depreciated to their estimated residual values over the shorter of fifty years and their remaining lease period.

Depreciation is provided on cost or valuation less estimated residual value on a straight-line basis at the following rates per annum:

Freehold buildings	Up to 50 years
Long leasehold property	Shorter of term of the lease and 50 years
Short leasehold property	Term of the lease
Computer equipment	3 to 5 years
Owned vehicles, equipment and fittings	1 to 10 years

Assets under the course of construction are not depreciated.

Stocks

Stock, which comprises goods purchased for resale and consumables, is valued at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value. Cost is calculated using the FIFO (first in, first out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the matter in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Pension costs

The company participates in a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating leases are similarly spread on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

Financial assets and liabilities (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(i) Investments

In the balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Share-based payments

The company has applied the requirements of Section 26 of FRS 102, Share Based Payments. The parent company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. No charge has been made in the accounts on the grounds of materiality.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

(i) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of assets (continued)

(ii) Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Dividends

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Judgements

Apart from those involving estimations (which are dealt with separately below), there are no material critical judgements the directors have made in the process of applying the Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key source of estimation uncertainty

Useful economic lives of tangible fixed assets

The periodic depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful lives of the company's assets are determined by management at the time the asset is acquired. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact this. See note 8 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

4. TURNOVER

An analysis of the company's turnover is as follows:

	52 weeks ended 25 December 2019 £'000	52 weeks ended 26 December 2018 £'000
Sale of goods	760,374	773,140
Rendering of services	18,182	17,614
Rental income	2,207	2,355
Turnover	780,763	793,109
Interest receivable and similar income	146	117
Total revenue	780,909	793,226

Accounting policies for turnover and total revenue have been applied consistently throughout the year and the preceding period.

Turnover comprises sales of goods and services within the UK, and is stated exclusive of value added tax. Turnover includes rental income as well as sales to consumers.

Fuel Turnover

The company acts as both a principal and an agent for the sale of fuel. Where the company operates as principal, the amounts included within turnover represent the gross sales price of goods and services. Under certain fuel supply arrangements the company acts as an agent for the sale of fuel and fuel products on behalf of the petroleum companies. In this case, the amounts included within turnover represent the commission earned on these transactions. Commission is recognised upon the sale of the relevant fuel and fuel products on behalf of the petroleum companies to the customer.

For all non-fuel sales the company considers that it acts as principal as it has exposure to all significant benefits and risks. Revenue is recognised for products and services where the company obtains the right to consideration in exchange for its performance.

In the opinion of the directors, turnover and profit before tax are attributable to one activity, namely the operation of motorway and trunk road service areas.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52 weeks ended 25 December 2019 Number	52 weeks ended 26 December 2018 Number
Average number of persons employed (including directors)		
Management and administration	828	852
Catering and services staff	4,486	4,494
	5,314	5,346

Staff costs during the period	**£'000**	**£'000**
Wages and salaries	79,725	77,082
Social security costs	4,728	4,717
Other pension costs	1,309	1,029
	85,762	82,828

Directors and key management compensation

	52 weeks ended 25 December 2019 £'000	52 weeks ended 26 December 2018 £'000
The directors' emoluments were as follows:		
Aggregate emoluments	875	975
Highest paid director		
Aggregate emoluments	513	519

Key management compensation
Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

Salaries and other short term benefits	1,299	1,285
	1,299	1,285

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

Moto operates a Management Incentive Plan, with 'B1', 'B2', 'C' and preference shares in Everest UK Topco Limited being sold to key management in March 2016. These shares will be acquired from management by the parent companies (USS Way LP and Project Lane Holdings Jersey Limited) in 2021 at a value as at 31 December 2020, calculated to reward management should certain yield and equity return hurdles of the plan be met.

Section 26 of FRS 102 requires these shares to be accounted for in Moto Hospitality Limited and the consolidated financial statements of Moto Investments Limited, Moto Ventures Limited and Moto Holdings Limited as equity-settled share based payments, whereby any excess of the fair value of such shares at the grant date over the fair value of the price payable by management for those shares is recognised as a charge to the profit and loss account of Moto Hospitality Limited and the consolidated profit and loss accounts of Moto Investments Limited, Moto Ventures Limited and Moto Holdings Limited evenly over the life of the Plan. No charge has been recognised in the financial statements as, in the opinion of the directors, the price paid was equal to the fair value of the shares at the date they were issued.

6. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):

	52 weeks ended 25 December 2019 £'000	52 weeks ended 26 December 2018 £'000
Depreciation of tangible fixed assets (note 8)	40,155	41,103
Loss on disposal of tangible fixed assets (note 8)	1,760	391
Operating lease rentals – plant and machinery	452	474
Operating lease rentals – property rentals	10,385	9,815
Travelodge provision utilisation	(741)	(729)
Auditor's remuneration for annual audit services	135	126

The Travelodge provision is an onerous contract provision set up to cover future losses on the leases of 5 lodges that Travelodge exited when they restructured their business in September 2012. These lodges are now managed on Moto's behalf on a profit share basis, with income anticipated to continue to be lower than the rental obligation.

In 2019, the fees payable to the company's auditor for annual audit services were £135,000 (2018: £126,000) and in respect of non-audit services were £116,000 for tax compliance and advisory services (2018: £125,000).

7. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 25 December 2019 £'000	52 weeks ended 26 December 2018 £'000
Amounts payable on bank loans	265	282
Unwinding of discounts on provisions	187	202
Payable to group undertakings	181,870	168,799
	182,322	169,283

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

8. TAXATION

Analysis of taxation credit in the period

The tax credit is made up as follows:

	52 weeks ended 25 December 2019 £'000	52 weeks ended 26 December 2018 £'000
Current tax		
Corporation tax on profits of the period	-	-
Adjustments with respect to prior periods	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(2,469)	(2,650)
Adjustment in respect of previous periods	181	106
Total deferred tax	(2,288)	(2,544)
Total tax credit for the period	(2,288)	(2,544)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

7. TAXATION (CONTINUED)

Reconciliation of the total tax charge

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	52 weeks ended 25 December 2019 £'000	52 weeks ended 26 December 2018 £'000
Loss before tax	(116,777)	(106,068)
Tax on company loss at standard UK corporation tax rate of 19% (2018: 19%)	(22,188)	(20,153)
Effects of:		
Expenses not deductible for tax purposes	2,599	2,038
Change in rates	-	358
Adjustments in respect of prior periods	181	110
Group relief	17,120	15,103
Total tax credit for the period	(2,288)	(2,544)

Group relief amounts above represent losses surrendered by the Company.

Factors affecting future tax charge

The UK corporation tax rate reduced from 20% to 19% from 1 April 2017. In accordance with the Finance Act 2016, the UK corporation tax rate was due to reduce to 17% in 2020 and therefore deferred tax has been calculated at the tax rate applicable for the period in which the temporary differences are expected to reverse in line with the Finance Act 2016. On 11 March 2020 HM Revenue and Customs announced that the corporation tax rate will not reduce to 17% and will remain at 19%, deferred tax calculations have not been updated as this change was not substantively enacted before the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Long & short leasehold land and buildings £'000	Owned vehicles, equipment and fittings £'000	Total £'000
Cost				
At 27 December 2018	524,760	331,616	121,338	977,714
Additions	1,712	-	37,635	39,347
Disposals	(1,372)	-	(1,873)	(3,245)
At 25 December 2019	525,100	331,616	157,100	1,013,816
Depreciation				
At 27 December 2018	35,425	57,920	61,774	155,119
Charge for the period	8,861	14,493	16,801	40,155
Disposals	-	-	(1,485)	(1,485)
At 25 December 2019	44,286	72,413	77,090	193,789
Net book value				
At 25 December 2019	480,814	259,203	80,010	820,027
At 26 December 2018	489,335	273,696	59,564	822,595

Within owned vehicles, equipment & fittings there are £18,825,000 (2018: £1,788,000) of Assets Under the Course of Construction, which are not being depreciated.

Freehold land and buildings includes £199,743,000 (2018: £199,370,000) of land. Long and short leasehold land and buildings includes £36,800,000 (2018: £36,800,000) of land.

Historical cost

If land and buildings had not been revalued they would have been included at the following amounts:

	Freehold land and buildings £'000	Long & short leasehold land and buildings £'000
Cost at 26 December 2018	301,079	251,586
Depreciation	(85,249)	(96,874)
Net book value at 26 December 2018	215,830	154,712
Cost at 25 December 2019	301,419	251,586
Depreciation	(89,021)	(101,566)
Net book value at 25 December 2019	212,398	150,020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

10. INVESTMENTS

	£'000
Cost and Net Book Value	
At 26 December 2018 and 25 December 2019	6,736

The company holds 100% of the share capital of the following companies:

Group undertaking	Nature of business	Shares held	Country of registration
Poplar 2000*	Dormant company	Ordinary shares	England & Wales
Moto Marks & Spencer Limited	Agency	Ordinary shares	England & Wales
Moto Motorway Services Limited	Dormant company	Ordinary shares	England & Wales
Burger King Costa Limited	Dormant company	Ordinary shares	England & Wales
Costa Burger King Limited	Dormant company	Ordinary shares	England & Wales
Moto Burger King Limited	Dormant company	Ordinary shares	England & Wales
Burger King Costa Marks and Spencer Limited	Dormant company	Ordinary shares	England & Wales
Greggs Burger King Costa Limited	Dormant company	Ordinary shares	England & Wales
Costa WH Smith Burger King Limited	Dormant company	Ordinary shares	England & Wales
De Facto 1777 Limited	Dormant company	Ordinary shares	England & Wales
De Facto 1778 Limited	Dormant company	Ordinary shares	England & Wales
De Facto 1779 Limited	Dormant company	Ordinary shares	England & Wales
De Facto 1780 Limited	Dormant company	Ordinary shares	England & Wales
De Facto 1781 Limited	Dormant company	Ordinary shares	England & Wales
De Facto 1782 Limited	Dormant company	Ordinary shares	England & Wales

* held indirectly via subsidiary companies

The registered office address for each of the group undertakings listed above is Toddington Services Area, Junction 11-12 M1 Southbound, Toddington, Bedfordshire, LU5 6HR.

11. STOCKS

	25 December 2019 £'000	26 December 2018 £'000
Goods for resale and consumables	12,241	11,556

There is no material difference between the balance sheet value of stock and its replacement cost.

12. DEBTORS

	25 December 2019 £'000	26 December 2018 £'000
Trade debtors	8,746	15,760
Other debtors	2,239	1,942
Prepayments and accrued income	3,203	1,701
Amounts due within one year	14,188	19,403

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	25 December 2019 £'000	26 December 2018 £'000
Trade creditors	21,860	21,594
Amounts owed to fellow subsidiary undertakings	1,345,917	1,226,156
Other creditors	1,528	1,887
Other taxation and social security	8,070	8,884
Accruals and deferred income	20,679	22,834
	1,398,054	1,281,355

Although loans from fellow group companies are all presented as being repayable within one year, the directors have received confirmation from fellow group companies that amounts of £1,345,917,000 will not be called for repayment for at least 12 months from the date of signing the financial statements. Amounts owed by fellow group companies are charged at interest rate of 14.6%.

14. PROVISIONS FOR LIABILITIES

	Travelodge £'000	Deferred tax £'000	Total £'000
At 26 December 2018	6,373	53,795	60,168
Net credit to profit and loss account	-	(2,288)	(2,288)
Utilisation of provision	(741)	-	(741)
Unwinding of discount	187	-	187
At 25 December 2019	5,819	51,507	57,326

Travelodge

The Travelodge provision is an onerous contract provision set up to cover future losses on the leases of 5 lodges that Travelodge exited when they restructured their business in September 2012. These lodges are now managed on Moto's behalf on a profit share basis, anticipated to continue to be lower than the previous rent. The provision expires over the life of these onerous leases, which run until 2039.

Deferred tax

	25 December 2019 £'000	26 December 2018 £'000
Deferred tax provision		
Revaluation reserves	61,322	63,624
Excess of depreciation over capital allowances	(9,733)	(9,759)
Short term timing differences	(82)	(70)
Deferred tax provision	51,507	53,795

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

13. PROVISIONS FOR LIABILITIES (CONTINUED)

A net deferred tax provision of £51,507,000 has been recognised at 25 December 2019 (2018: £53,795,000).

The asset proportion, which relates to fixed asset timing differences (capital allowances) and other short term timing differences has been recognised in the financial statements on the basis that the directors are of the opinion that these deferred tax assets will be recovered against the expected reversal of the deferred tax liabilities also recognised.

There is a deferred tax asset of £3,995,000 (2018: £3,681,000) that has not been recognised. This relates to temporary differences arising from restrictions under the UK Corporate Interest Restriction rules, as it is not probable that the related tax benefit will be realised.

15. CALLED-UP SHARE CAPITAL

	25 December 2019 £'000	26 December 2018 £'000
Allotted, called-up and fully paid		
27,953,000 (2018: 27,953,000) ordinary shares of £1 each	27,953	27,953

The company has one class of ordinary shares which carry no right to fixed income.

The revaluation reserve represents the cumulative effect of revaluations of freehold and leasehold land and buildings which were revalued up to the date of transition to FRS102.

The profit and loss account represents cumulative profits or losses, net of dividends paid.

16. FINANCIAL INSTRUMENTS

The carrying values of the company's financial assets and liabilities are summarised by category below:

	25 December 2019 £'000	26 December 2018 £'000
Financial assets that are debt instruments measured at amortised cost		
Trade debtors (note 11)	8,746	15,760
Other debtors (note 11)	2,239	1,942
	10,985	17,702
Financial liabilities measured at amortised cost		
Amounts owed to fellow subsidiary undertakings (note 12)	1,345,917	1,226,156
Trade creditors (note 12)	21,860	21,594
Other creditors (note 12)	1,528	1,887
	1,369,305	1,249,637

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

	25 December 2019 £'000	26 December 2018 £'000
Interest income and (expense)		
Total interest income for financial assets at amortised cost	146	117
Total interest expense for financial liabilities at amortised cost (note 6)	(182,135)	(169,081)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

17. FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Other		Land and buildings	
	25 December 2019 £'000	26 December 2018 £'000	25 December 2019 £'000	26 December 2018 £'000
Within one year	321	345	9,305	9,148
Between one and five years	269	293	36,145	36,392
After five years	-	-	15,394	23,569
	590	638	60,844	69,109

Capital commitments are as follows:

	25 December 2019 £'000	26 December 2018 £'000
Contracted but not provided for	15,323	-

18. PENSION COSTS

The company operates a defined contribution scheme and the contributions are charged to the profit and loss account. The contributions charged in the period amounted to £1,309,000 (2018: £1,029,000) with unpaid contributions at 25 December 2019 of £265,000 (2018: £195,000).

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Section 33 of FRS 102 whereby wholly-owned subsidiaries are not required to disclose intra group transactions and balances.

Other related party transactions

The total remuneration for key management personnel for the period totalled £1,299,000 (2018: £1,285,000), being remuneration disclosed in note 4.

20. ULTIMATE PARENT UNDERTAKING

The company's immediate parent company is Moto Investments Limited, a company incorporated in England and Wales. The company's ultimate parent company is Everest UK Topco Limited, a company incorporated in Jersey. The directors regard Universities Superannuation Scheme Ltd as the ultimate controlling party.

Moto Investments Limited is the smallest company into which these financial statements are consolidated, and Moto Holdings Limited is the largest. Copies of Moto Holdings Limited group financial statements may be obtained from the Company Secretary, Toddington Service Area, Junction 11-12 M1 Southbound, Toddington, Bedfordshire LU5 6HR.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 weeks ended 25 December 2019

20. SUBSEQUENT EVENTS

Since 25 December 2019, the outbreak of Covid-19 has severely disrupted many UK businesses, leading to an economic slowdown. The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the period ended 25 December 2019 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.