01 October 2021

J D WETHERSPOON PLC
PRELIMINARY RESULTS
(For the 52 weeks ended 25 July 2021)

FINANCIAL HIGHLIGHTS	Var %
Before exceptional items (pre-IFRS 16)	
• Like-for-like sales	-38.4%
• Revenue £772.6m (2020: £1,262.0m)	-38.8%
• Loss before tax -£154.7m (2020: -£34.1m)	-353.7%
• Operating (loss)/profit -£105.1m (2020: £7.2m)	+ve to –ve
• Losses per share (including shares held in trust) -110.3p (2020: -27.6p)	-300.0%
• Free cash outflow per share -67.8p (2020: -54.2p)	-23.2%
• Full year dividend 0.0p (2020: 0.0p)	unchanged
Before exceptional items (post-IFRS 16)	
• Loss before tax -£167.2m (2020: -£44.7m)	-274.0%
• Operating (loss)/profit -£100.4m (2020: £17.0m)	+ve to –ve
• Losses per share (including shares held in trust) -119.2p (2020: -35.5p)	-256.1%
After exceptional items* (post-IFRS 16)	
• Loss before tax -£194.6m (2020: -£105.4m)	-84.6%
• Operating (loss)/profit -£109.3m (2020: 3.8m)	+ve to -ve
• (Losses)/Earnings per share (including shares held in trust) -147.4p (2020: -89.9p)	-64.0%

*Exceptional items as disclosed in account note 4.

Commenting on the results, Tim Martin, the Chairman of J D Wetherspoon plc, said:

“Like-for-like sales in the first nine weeks of the current financial year were 8.7% lower than the same weeks in August and September 2019, before the pandemic started. In the last four weeks of the period, like-for-like sales were minus 6.4%.

“Excluding airport pubs, where like-for-like sales declined by 47.3%, like-for-like sales declined by 7.1% in the first nine weeks, and by 4.9% in the last four.

“Total employee numbers averaged 39,025 in the financial year, which increased to 42,003 for the week ending 20 September 2021.

“On average, Wetherspoon has received a reasonable number of applications for vacancies, as indicated by the increase in employee numbers, but some areas of the country, especially “staycation” areas in the West Country and elsewhere, have found it hard to attract staff.

“During the pandemic, the pressure on pub managers and staff has been particularly acute, with a number of nationwide and regional pub closures and reopenings, often with very little warning, each of which resulted in different regulations.

“In the last year, the country moved, in succession, from lockdown, to ‘Eat Out to Help Out’, to curfews, to firebreaks, to pints with a substantial meal only, to different tier systems and to further lockdowns.

“Pub management teams, and indeed the entire hospitality industry, had an almost impossible burden in trying to communicate often conflicting and arbitrary rules to customers.

“One of the most surprising statistics has been the apparent low level of transmission of the virus in pubs.

“For example, in more than 50 million customer visits, recorded in the second half of 2020, before the introduction of vaccines, Wetherspoon had zero outbreaks of the virus, as defined by the health authorities, among customers.

“Yet there has clearly been a high level of transmission in some other environments, including private parties, weddings, production facilities, university halls of residence and homes.

“Pubs have been at the forefront of business closures during the pandemic, at great cost to the industry - but at even greater cost to the Treasury.

“In spite of these obstacles, Wetherspoon is cautiously optimistic about the outcome for the financial year, on the basis that there is no further resort to lockdowns or onerous restrictions.

“The biggest threat to the pub industry, and also, inter alia, to restaurants, theatres, cinemas, airlines and travel companies, relates to the precedent set by the government for the use of lockdowns and draconian restrictions, imposed under emergency powers. This threat, which is also a threat to civil society and democracy, has been regularly articulated by many commentators, including the former Supreme Court judge Lord Sumption.”

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Photographs are available at: www.newscast.co.uk

Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed and the Company aims to maintain them in excellent condition.
2. Visit our website jdwetherspoon.com
3. The financial information set out in the announcement does not constitute the company's statutory accounts for the periods ended 25 July 2021 or 26 July 2020. The financial information for the period ended 26 July 2020 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006. Statutory accounts for 2020 will be delivered to the registrar of companies in due course. The auditors have reported on those accounts: their report was unqualified, contained an emphasis of matter highlighting a materiality uncertainly related to going concern and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. This announcement has been prepared solely to provide additional information to the shareholders of J D Wetherspoon, in order to meet the requirements of the UK Listing Authority's Disclosure and Transparency Rules. It should not be relied on by any other party, for other purposes. Forward-looking statements have been made by the directors in good faith using information available up until the date that they approved this statement. Forward-looking statements should be regarded with caution because of inherent uncertainties in economic trends and business risks.
4. The annual report and financial statements 2021 has been published on the Company's website on 01 October 2021.
5. The current financial year comprises 53 trading weeks to 31 July 2022.
6. The next trading update will be issued on 10 November 2021.

CHAIRMAN'S STATEMENT

Financial performance

Summary accounts for the years ended July 1984-2021

Financial year	Total number of Pubs (Sites)	Total sales	Profit/(loss) before tax and exceptional items (Pre-IFRS16)	Profit/(loss) before tax and exceptional items (Post-IFRS16)	Earnings per share before exceptional items (Pre-IFRS16)	Earnings per share before exceptional items (Post-IFRS16)	Free cash flow	Free cash flow per share
		£000	£000	£000	pence	pence	£000	pence
1984	1	818	(7)	-	0	-		
1985	2	1,890	185	-	0.2	-		
1986	2	2,197	219	-	0.2	-		
1987	5	3,357	382	-	0.3	-		
1988	6	3,709	248	-	0.3	-		
1989	9	5,584	789	-	0.6	-	915	0.4
1990	19	7,047	603	-	0.4	-	732	0.4
1991	31	13,192	1,098	-	0.8	-	1,236	0.6
1992	45	21,380	2,020	-	1.9	-	3,563	2.1
1993	67	30,800	4,171	-	3.3	-	5,079	3.9
1994	87	46,600	6,477	-	3.6	-	5,837	3.6
1995	110	68,536	9,713	-	4.9	-	13,495	7.4
1996	146	100,480	15,200	-	7.8	-	20,968	11.2
1997	194	139,444	17,566	-	8.7	-	28,027	14.4
1998	252	188,515	20,165	-	9.9	-	28,448	14.5
1999	327	269,699	26,214	-	12.9	-	40,088	20.3
2000	428	369,628	36,052	-	11.8	-	49,296	24.2
2001	522	483,968	44,317	-	14.2	-	61,197	29.1
2002	608	601,295	53,568	-	16.6	-	71,370	33.5
2003	635	730,913	56,139	-	17.0	-	83,097	38.8
2004	643	787,126	54,074	-	17.7	-	73,477	36.7
2005	655	809,861	47,177	-	16.9	-	68,774	37.1
2006	657	847,516	58,388	-	24.1	-	69,712	42.1
2007	671	888,473	62,024	-	28.1	-	52,379	35.6
2008	694	907,500	58,228	-	27.6	-	71,411	50.6
2009	731	955,119	66,155	-	32.6	-	99,494	71.7
2010	775	996,327	71,015	-	36.0	-	71,344	52.9
2011	823	1,072,014	66,781	-	34.1	-	78,818	57.7
2012	860	1,197,129	72,363	-	39.8	-	91,542	70.4
2013	886	1,280,929	76,943	-	44.8	-	65,349	51.8
2014	927	1,409,333	79,362	-	47.0	-	92,850	74.1
2015	951	1,513,923	77,798	-	47.0	-	109,778	89.8
2016	926	1,595,197	80,610	-	48.3	-	90,485	76.7
2017	895	1,660,750	102,830	-	69.2	-	107,936	97.0
2018	883	1,693,818	107,249	-	79.2	-	93,357	88.4
2019	879	1,818,793	102,459	-	75.5	-	96,998	92.0
2020	872	1,262,048	(34,095)	(44,687)	(27.6)	(35.5)	(58,852)	(54.2)
2021	861	772,555	(154,676)	(167,166)	(110.3)	(119.2)	(83,284)	(67.8)

Notes
Adjustments to statutory numbers
1. Where appropriate, the earnings per share (EPS), as disclosed in the statutory accounts, have been recalculated to take account of share splits, the issue of new shares and capitalisation issues.
2. Free cash flow per share excludes dividends paid which were included in the free cash flow calculations in the annual report and accounts for the years 1995–2000.
3. The weighted average number of shares, EPS and free cash flow per share include those shares held in trust for employee share schemes.
4. Before 2005, the accounts were prepared under UKGAAP. All accounts from 2005 to date have been prepared under IFRS.
5. Apart from the items in notes 1–4, all numbers are as reported in each year's published accounts.
6. From financial year 2020 data is based on both pre-IFRS16 numbers and post-IFRS16 numbers following the transition from IAS17 to IFRS16.
7. Free cash flow is defined in note 8 and in the Company's accounting policies. The calculation of free cash flow can be found on the cash flow statement.

Financial outcome

It is very difficult to interpret, in a meaningful way, financial results for the last year, since pubs were closed nationally for a period of around 19 weeks. In addition, there were regional lockdowns and a bewildering range of national and local restrictions, which applied to different areas at different times.

Comparisons are also problematical in respect of the previous financial year, which was itself affected by lockdowns and restrictions.

Bearing in mind these caveats, we have presented comparisons between the two years, as we normally do.

Total sales in the financial year were £772.6m, a decrease of 38.8%. Like-for-like sales decreased by 38.4%. Bar sales decreased by 42.2%, food sales by 37.4%, slot/fruit machine sales by 52.5% and hotel room sales by 27.1%.

The unaudited pre-IFRS16 operating loss, before exceptional items, was £105.1m (2020: £7.2m profit). The operating margin, before exceptional items, was -13.6% (2020: 0.6%).

The unaudited pre-IFRS16 loss before tax and exceptional items increased to -£154.7m (2020: -£34.1m), including property losses of £2.3m (2020: £0.6m). Losses per share, including shares held in trust by the employee share scheme, before exceptional items, were -110.3p (2020: -27.6p).

Total capital investment was £62.7m (2020: £171.6m). £24.1m was invested in new pubs and pub extensions (2020: £41.0m), £20.0m in existing pubs and IT (2020: £32.1m) and £16.9m in freehold reversions, where Wetherspoon was already a tenant (2020: £98.5m).

Pre-tax exceptional items totalled £27.5m (2020: £60.7m). There was a £1.7m loss on disposal, an impairment charge of £4.1m, expenditure in relation to Covid-19 of £2.8m, head office restructuring costs of £6.2m and £12.7m of interest costs relating to ineffective interest rate swaps. The total cash effect of exceptional items, which related to head office restructuring and Covid-19 costs, was an outflow of £8.9m.

Free cash outflow, after capital payments of £22.3m for existing pubs (2020: £44.3m), £7.7m for share purchases for employees (2020: £11.1m) and payments of tax and interest, increased by £1.6m to -£60.5m (2020: -£58.9m). Free cash outflow per share was -67.8p (2020: -54.2p).

The effect of IFRS16 on a hypothetical leasehold pub

In order to illustrate the differences between old and new accounting, the example below shows how a leasehold pub would be affected. The following assumptions have been made:

- a 25-year lease, at a rent of £100k per annum, rising by 7.5% at each five-year rent review
- capital development costs of £1m funded by equity, without debt
- £30k of capital reinvestment per annum from year 6 to year 25
- pub EBITDA profits of £160k per annum
- head office costs and tax excluded from calculations

Year	1	5	10	15	20	25	Total
	£000	£000	£000	£000	£000	£000	£000
Pub EBITDAR	260	260	268	276	284	294	**6,904**
Accounting Profit **pre IFRS16** (before head office costs & corporation tax)	100	100	100	100	100	100	**2,500**
Accounting Profit **post IFRS16** (before head office costs & corporation tax)	60	65	81	101	125	154	**2,500**
Cash earnings	160	160	130	130	130	130	**3,400**

As the table illustrates, “cash earnings” are the same in both examples, however accounting earnings vary greatly.

Pre-IFRS16 treatment results in stable accounting profit of £100k, reflecting stable cash earnings, whereas post-IFRS16 treatment gives rise to erratic accounting profits, which vary from £60k to £154k, over the term of the lease.

As a result, it will be difficult for investors to understand the performance of the business, using IFRS16 accounting standards, at any given point in the lease, from an examination of the profit and loss account.

In appendix 1, below, we have provided profit and loss, balance sheet and cash flow statements, using pre-IRFS 16 accounting methodology, for those who find the new accounting too complex or unhelpful.

Dividends and return of capital

No interim dividend was paid in March 2021. The board is not proposing a final dividend payment for the year. There were no share buybacks in the financial year.

Financing

As at 25 July 2021, the company’s total net debt, excluding derivatives, was £845.5m (2020: £817.0m), an increase of £28.5m. Year-end net-debt-to-EBITDA ratio was -27.32 times (2020: 9.48 times).

The company has an agreement with its lenders which waives its debt covenants until October 2022 and replaces it with a minimum liquidity requirement of £75m. At the year end liquidity was £240.4m.

There has been an increase in total finance facilities to £1,083.0m (2020: £993.0m), as a result of government-backed “CLBILS” loans, which are due for repayment by August 2023.

As previously reported, the company has fixed its LIBOR interest rates in respect of £770m until March 2029. The weighted average cost of the swaps was 2.42% for FY21, reducing to 1.61% in the current financial year. The annual cost of the swaps is illustrated in the table below:

Swap Value	Start Date	End Date	Weighted Average %
£770m	02-Jul-18	29-Jul-21	2.42%
£770m	30-Jul-21	30-Jul-23	1.61%
£770m	31-Jul-23	30-Jul-26	1.10%
£770m	31-Jul-26	30-Jun-28	1.33%
£770m	01-Jul-28	29-Mar-29	1.32%

In April 2021, the company conducted a non-pre-emptive placing of 6.95% of the company’s issued ordinary share capital to raise £94m, which was supported by a number of institutional investors. The proceeds were used to strengthen the company’s balance sheet, working capital and liquidity.

Property

The company opened five pubs during the year and sold or closed 16, resulting in a trading estate of 861 pubs at the financial year end.

The average development cost for a new pub (excluding the cost of freeholds) was £2.1m, compared with £2.3m a year ago. The full-year depreciation charge, excluding depreciation for “right-of-use” assets (a new charge to the profit and loss account, post-IFRS16) was £76.4m (2020: £79.3m).

10 years ago, the company’s freehold/leasehold split was 43.4%/56.6%. As at 25 July 2021, as a result of investment in freehold reversions (relating to pubs where the company was previously a tenant) and freehold pub openings, the split was 66.3%/33.7%. As at 25 July 2021, the net book value of the property, plant and equipment of the company was £1.4 billion, including £1.1 billion of freehold and long-leasehold property. The properties have not been revalued since 1999.

Taxation

The current corporation tax credit for the year is £0.4m (2020: a £2.6m credit). The rate of corporation tax recovered on current year losses is 0.2%. The ‘accounting’ tax credit, which appears in the income statement, is £20.7m (2020: £6.2m).

The accounting tax credit comprises two parts: the actual current tax credit (the ‘cash’ tax) and the deferred tax credit (the ‘accounting’ tax). The tax losses arising in the financial year will be carried forward for use against profits in future years, meaning that the cash tax benefit will be received in future years. Therefore, a ‘deferred tax’ benefit is created which will reverse in future years when the cash tax benefit of the losses is realised.

The company is seeking a refund of excise duty from HMRC, totalling £524k, in relation to goods sent to the Republic of Ireland, when Wetherspoon pubs first opened in that country. The company has been charged excise duty on the same goods twice, as they were purchased in the UK, and excise duty was paid in full. Irish excise duty was then paid in addition.

Owing to a paperwork error, in the early days of our business in the Republic, which the company has sought to rectify, it has been unable to reclaim this duty, even though it is transparently clear that the duty has been paid. We believe this is a draconian and unfair outcome, and that companies trying to set up businesses abroad, already a difficult process, should receive a greater level of cooperation.

Scotland Business Rates

Business rates are supposed to be based on the value of the building, rather than the level of trade of the tenant. This should mean that the rateable value per square foot is approximately the same for comparable pubs in similar locations. However, as a result of the valuation approach adopted by the government “Assessor” in Scotland, Wetherspoon often pays far higher rates per square foot than its competitors.

This is highlighted (in the tables below) by assessments for the Omni Centre, a modern leisure complex in central Edinburgh, where Wetherspoon has been assessed at more than double the rate per square foot of the average of its competitors, and for The Centre in Livingston (West Lothian), a modern shopping centre, where a similar anomaly applies.

As a result of applying valuation practice from another era, which assumed that pubs charged approximately the same prices, the raison d’être of the rating system - that rates are based on property values, not the tenants trade- has been undermined

Omni Centre, Edinburgh			
Occupier Name	**Rateable Value (RV)**	**Customer Area (ft²)**	**Rates per square foot**
Playfair (JDW)	**£218,750**	**2,756**	**£79.37**
Unit 9 (vacant)	£48,900	1,053	£46.44
Unit 7 (vacant)	£81,800	2,283	£35.83
Frankie & Benny's	£119,500	2,731	£43.76
Nando's	£122,750	2,804	£43.78
Slug & Lettuce	£108,750	3,197	£34.02
The Filling Station	£147,750	3,375	£43.78
Tony Macaroni	£125,000	3,427	£36.48
Unit 6 (vacant)	£141,750	3,956	£35.83
Cosmo	£200,000	7,395	£27.05
Average (exc JDW)	**£121,800**	**3,358**	**£38.55**

The Centre, Livingston			
Pub Name	**Rateable Value (RV)**	**Customer Area (ft²)**	**Rates per square foot**
The Newyearfield (JDW)	**£165,750**	**4,090**	**£40.53**
Paraffin Lamp	£52,200	2,077	£25.13
Wagamama	£67,600	2,096	£32.25
Nando's	£80,700	2,196	£36.75
Chiquito	£68,500	2,221	£30.84
Ask Italian	£69,600	2,254	£30.88
Pizza Express	£68,100	2,325	£29.29
Prezzo	£70,600	2,413	£29.26
Harvester	£98,600	3,171	£31.09
Pizza Hut	£111,000	3,796	£29.24
Hot Flame	£136,500	4,661	£29.29
Average (exc JDW)	**£82,340**	**2,721**	**£30.40**

Similar issues are evident in Galashiels, Arbroath, Wick, Anniesland - and indeed most Wetherspoon pubs in Scotland. In effect, the application of the rating system in Scotland discriminates against businesses like Wetherspoon, which have lower prices, and encourages businesses to charge higher prices. As a result, consumers are likely to pay higher prices, which cannot be the intent of rating legislation.

VAT equality

As we have previously stated, the government would generate more revenue and jobs if it were to create tax equality among supermarkets, pubs and restaurants. Supermarkets pay virtually no VAT in respect of food sales, whereas pubs pay 20%. This has enabled supermarkets to subsidise the price of alcoholic drinks, widening the price gap, to the detriment of pubs and restaurants.

Pubs also pay around 20 pence a pint in business rates, whereas supermarkets pay only about 2 pence, creating further inequality.

Pubs have lost 50% of their beer sales to supermarkets in the last 35 or so years. It makes no sense for supermarkets to be treated more leniently than pubs, since pubs generate far more jobs per pint or meal than do supermarkets, as well as far higher levels of tax. Pubs also make an important contribution to the social life of many communities and have better visibility and control of those who consume alcoholic drinks.

Tax equality is particularly important for residents of less affluent areas, since the tax differential is more important there – people can less afford to pay the difference in prices between the on and off trade.

As a result, in these less affluent areas, there are often fewer pubs, coffee shops and restaurants, with less employment and increased high-street dereliction.

Tax equality would also be in line with the principle of fairness in applying taxes to different businesses.

In July 2020, the chancellor, Rishi Sunak, announced a temporary reduction in VAT to 5% in respect of food and non-alcoholic drinks sales. As a result, the company lowered its pricing on a wide range of products, including food, soft drinks and real ale. If the chancellor decides to make these VAT reductions permanent, the company intends to retain lower prices indefinitely.

How pubs contribute to the economy

Wetherspoon and other pub and restaurant companies have always generated far more in taxes than are earned in profits. Wetherspoon generated total taxes in FY19, before the pandemic, of £763.6m. This equated to one pound in every thousand of UK government revenue.

In FY21, mainly as a result of the lockdown, total taxes paid to the government declined from the 2019 level of £763.6m to £37.0m, net of furlough payments – yet the company made a positive contribution to the Treasury, even in these dire circumstances.

The table below shows the tax revenue generated by the company, its staff and customers in the last 10 years. Each pub, on average, generated £6.3m in tax during that period:

	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**TOTAL 2012 to 2021**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
VAT	93.8	244.3	357.9	332.8	323.4	311.7	294.4	275.1	253.0	241.2	**2,727.6**
Alcohol duty	70.6	124.2	174.4	175.9	167.2	164.4	161.4	157.0	144.4	136.8	**1,476.3**
PAYE and NIC	101.5	106.6	121.4	109.2	96.2	95.1	84.8	78.4	70.2	67.1	**930.5**
Business rates	1.5	39.5	57.3	55.6	53.0	50.2	48.7	44.9	46.4	43.9	**441.0**
Corporation tax	-	21.5	19.9	26.1	20.7	19.9	15.3	18.4	18.4	18.2	**178.4**
Corporation tax credit (historic capital allowances)	-	-	-	-	-	-	-2.0	-	-	-	**-2.0**
Fruit/slot Machine duty	4.3	9.0	11.6	10.5	10.5	11	11.2	11.3	7.2	3.3	**89.9**
Climate change levies	7.9	10.0	9.6	9.2	9.7	8.7	6.4	6.3	4.3	1.9	**74.0**
Stamp duty	1.8	4.9	3.7	1.2	5.1	2.6	1.8	2.1	1.0	0.8	**25.0**
Sugar tax	1.3	2.0	2.9	0.8	-	-	-	-	-	-	**7.0**
Fuel duty	1.1	1.7	2.2	2.1	2.1	2.1	2.9	2.1	2.0	1.9	**20.2**
Carbon tax	-	-	1.9	3.0	3.4	3.6	3.7	2.7	2.6	2.4	**23.3**
Premise licence and TV licences	0.5	1.1	0.8	0.7	0.8	0.8	1.6	0.7	0.7	0.5	**8.2**
Landfill tax	-	-	-	1.7	2.5	2.2	2.2	1.5	1.3	1.3	**12.7**
Furlough Tax Rebate	-213.0	-124.1	-	-	-	-	-	-	-	-	**-337.1**
Eat out to help out	-23.2	-	-	-	-	-	-	-	-	-	**-23.2**
Local Government Grants	-11.1	-	-	-	-	-	-	-	-	-	**-11.1**
TOTAL TAX	**37.0**	**440.7**	**763.6**	**728.8**	**694.6**	**672.3**	**632.4**	**600.5**	**551.5**	**519.3**	**5.6bn**
TAX PER PUB (£000)	**43**	**533**	**871**	**825**	**768**	**705**	**673**	**662**	**632**	**617**	**6.3m**
TAX AS % OF NET SALES	**4.8%**	**34.9%**	**42.0 %**	**43.0 %**	**41.8 %**	**42.1 %**	**41.8 %**	**42.6 %**	**43.1 %**	**43.4 %**	**39.7%**

Note – this table is prepared on a cash basis.

Worker Directors

Almost all thoughtful investors and commentators understand that it is important to retain the architecture and culture of successful businesses, characteristics which have usually been developed over many years – and are often referred to as the "DNA" of a company.

Unfortunately, the UK corporate governance system, in practice, has little regard for DNA, which is often diluted, or even destroyed, by frequent changes of directors, and by under-representation of executives and workers.

As Wetherspoon has previously argued, the pattern of a low level of executive representation and non-executives who stay, on average, for short tenures, is bound to have a deleterious effect on DNA.

In the pub industry, in recent decades, companies like Fuller's and Young's, which have generally had "non-compliant" boards, have fared far better than their larger PLC brethren- many of which have disappeared- with their ever-changing rota of directors.

This issue becomes particularly acute as long-serving directors, in any company, approach or pass retirement age.

If the nine-year maximum tenure rule, the basis of corporate governance lore, were to be strictly applied at Wetherspoon, the chairman and two of four non-executives, would be immediately replaced by "independents", destabilising the company and jeopardising DNA.

Wetherspoon has sought to counteract the negative effects of corporate governance by encouraging long-serving directors, and is planning the promotion of a number of "worker directors", who are experienced pub or area managers, to board positions.

It is hoped that the creation of more experience of the 'front line' at board level will help to protect the DNA of the business for future generations.

For a number of years, the Wetherspoon annual report has included a critique of corporate governance rules which, as indicated above, the company feels are often irrational and counter-productive. This critique, summarised in the 2019 annual report, has been reproduced in appendix 2.

Further progress

As always, the company has tried to improve as many areas of the business as possible, on a week-to-week basis, rather than aiming for 'big ideas' or grand strategies.

Frequent calls on pubs by senior executives, the encouragement of criticism from pub staff and customers and the involvement of pub and area managers, among others, in weekly decisions, are the keys to success.

Wetherspoon paid £22.8m in respect of bonuses and free shares to employees in the year, of which 99.6% was paid to staff below board level and 89.8% was paid to staff working in our pubs.

As previously reported, the company was recognised as a Top Employer UK, in 2020, by The Top Employers Institute, for the 17th consecutive year.

Wetherspoon has been the biggest corporate sponsor of 'Young Lives vs Cancer' (previously CLIC Sargent), having raised a total of £18.8m since 2002. During the pandemic, our contributions have been reduced, but great efforts are being made to increase our level of support in the current financial year.

Bonuses and Free Shares

As indicated above, Wetherspoon has, for many years (see table below), operated a bonus and share scheme for all employees. Before the pandemic, these awards increased, as earnings increased for shareholders.

Financial year	Bonus and free shares	(Loss)/Profit after tax[1]	Bonus and free shares as % of profits
	£m	£m	
2006	17	40	41%
2007	19	47	41%
2008	16	36	45%
2009	21	45	45%
2010	23	51	44%
2011	23	52	43%
2012	24	57	42%
2013	29	65	44%
2014	29	59	50%
2015	31	57	53%
2016	33	57	58%
2017	44	77	57%
2018	43	84	51%
2019	46	80	58%
2020	33	(30)	-
2021	23	(136)	-
Total	**454**	**641**	**49.3%[2]**

[1](Loss)/Profit is Pre-IFRS16 and before exceptional items
[2] Excludes 2020 and 2021

Length of Service

The attraction and retention of talented pub and kitchen managers is important for any hospitality business. As the table below demonstrates, the retention of managers has improved, even during the pandemic.

Financial year	Average pub manager length of service	Average kitchen manager length of service
	(Years)	(Years)
2012	9.0	5.1
2013	9.1	6.0
2014	10.0	6.1
2015	10.1	6.1
2016	11.0	7.1
2017	11.1	8.0
2018	12.0	8.1
2019	12.2	8.1
2020	12.9	9.1
2021	13.6	9.6

Food Hygiene Ratings

Wetherspoon has always emphasised the importance of hygiene standards.

We now have 787 pubs rated on the Food Standards Agency’s website (see table below). The average score is 4.97, with 98.4% of the pubs achieving a top rating of five stars. We believe this to be the highest average rating for any substantial pub company.

In the separate Scottish scheme, which records either a ‘pass’ or a ‘fail’, all of our 61 pubs have passed.

Financial Year	Total Pubs Scored	Average Rating	Pubs with highest Rating %
2012	647	4.72	-
2013	771	4.85	87.0
2014	824	4.91	92.0
2015	858	4.93	94.1
2016	836	4.89	91.7
2017	818	4.89	91.8
2018	807	4.97	97.3
2019	799	4.97	97.4
2020	781	4.96	97.0
2021	787	4.97	98.4

ESG matters

It is in the company's interest to run an ethical and sustainable business. Initiatives that have been undertaken include:

- the replacement of plastic straws with 100% biodegradable and 100% recyclable paper straws and wrappers.

- the availability of complimentary water fountains in all pubs, as part of the nationwide 'Refill' scheme.

- the conversion of used cooking oil to biodiesel for agricultural use.

- the cessation of single-use portion pots in the kitchens.

- the cessation of the use of cling film in pubs.

- the segregation of waste into seven recycling streams including glass, tin/cans, cooking oil, paper/cardboard, plastic, lightbulbs and general waste. Any remaining non-recyclable waste is sent to waste-to-energy power plants which reduce CO2 and the use of fossil fuels. No waste is sent to landfill.

- the inclusion of calories on menus. For many years, Wetherspoon has included the number of calories for each item on its menu. In recent years, the number of units of alcohol has also been included . In these cases, Wetherspoon may have been the first substantial company to take the initiative, before any legislative requirement.

- the introduction of customer allergen screens in most pubs and detailed allergen information on the company's website.

- the introduction of 'Good Food Talks', so that visually impaired customers can listen to the menu through a fully accessible website and iOS mobile app.

- the introduction of guaranteed-hours contracts, which apply to 96% of hourly paid staff - a small percentage of employees prefer flexible contracts, with no minimum hours, and they are entitled to receive exactly the same benefits as those on a guaranteed-hours contract.

- the establishment of three network groups to support employees at all levels:
  - Women
  - LGBTQIA+
  - Race and ethnic diversity

- the establishment of an apprenticeship programme which offers 10 different qualifications.

- a complementary meal and a drink for employees working a shift of four hours or longer.

- a staff discount for all employees, which may be used on and off duty, in our pubs and hotels.

- a reduction of 47% in greenhouse gas emissions, adjusted for sales, between 2014 and 2019, confirmed by energy consultants ISTA. Initiatives include the installation of Cheetah energy management systems, which reduce energy consumption in kitchen ventilation, LED lighting and other measures.

- from October 2022, all electricity supplied to Wetherspoon pubs in the UK being generated from 100% renewable sources.

- membership of Zero Carbon Forum, a non-profit making organisation, which is helping the hospitality industry in compliance matters and in implementing a plan to achieve net zero carbon emissions.

- investment in the restoration of old buildings- an area in which the company has won many design awards. There have been awards in recent years for The Caley Picture House in Edinburgh, The Royal Victoria Pavilion in Ramsgate, The Iron Duke in Wellington (Somerset), The Greenwood Hotel in Northolt, The Velvet Coaster in Blackpool and The Old Swanne Inne in Evesham. Apart from these examples, there have been a large number of design awards in earlier years.

Property litigation

As previously reported, Wetherspoon agreed on an out-of-court settlement with developer Anthony Lyons, formerly of property leisure agent Davis Coffer Lyons, in 2013 and received approximately £1.25m from Mr Lyons.

The payment relates to litigation in which Wetherspoon claimed that Mr Lyons had been an accessory to frauds committed by Wetherspoon's former retained agent Van de Berg and its directors Christian Braun, George Aldridge and Richard Harvey. Mr Lyons denied the claim – and the litigation was contested.

The claim related to properties in Portsmouth, Leytonstone and Newbury. The Portsmouth property was involved in the 2008/9 Van de Berg case itself.

In that case, Mr Justice Peter Smith found that Van de Berg, but not Mr Lyons (who was not a party to the case), fraudulently diverted the freehold from Wetherspoon to Moorstown Properties Limited, a company owned by Simon Conway. Moorstown leased the premises to Wetherspoon. Wetherspoon is still a leaseholder of this property – a pub called The Isambard Kingdom Brunel.

The properties in Leytonstone and Newbury (the other properties in the case against Mr Lyons) were not pleaded in the 2008/9 Van de Berg case. Leytonstone was leased to Wetherspoon and trades today as The Walnut Tree public house. Newbury was leased to Pelican plc and became Café Rouge.

As we have also reported, the company agreed to settle its final claim in this series of cases and accepted £400,000 from property investor Jason Harris, formerly of First London and now of First Urban Group. Wetherspoon alleged that Harris was an accessory to frauds committed by Van de Berg. Harris contested the claim and has not admitted liability.

Before the conclusion of the above cases, Wetherspoon also agreed on a settlement with Paul Ferrari of London estate agent Ferrari Dewe & Co, in respect of properties referred to as the 'Ferrari Five' by Mr Justice Peter Smith.

Press corrections

Wetherspoon has been the subject of a number of inaccurate media stories on a variety of different subjects. After complaining to the organisations concerned, the company obtained corrections and/or apologies from a number of publications, including:

Daily Express	The Daily Telegraph
Daily Mail	The Guardian
Daily Mirror	The Independent
Daily Star	The Times
Sky News	Forbes

The company has published a special edition of Wetherspoon News which includes details of the apologies and corrections which can be found on the Company's website (https://www.jdwetherspoon.com/~/media/files/pdf-documents/wetherspoon-news/does-truth-matter_.pdf).

Current trading and outlook

Like-for-like sales in the first nine weeks of the current financial year were 8.7% lower than the same weeks in August and September 2019, before the pandemic started. In the last four weeks of the period, like-for-like sales were minus 6.4%.

Excluding airport pubs, where like-for-like sales declined by 47.3%, like-for-like sales declined by 7.1% in the first nine weeks, and by 4.9% in the last four.

Total employee numbers averaged 39,025 in the financial year, which increased to 42,003 for the week ending 20 September 2021.

On average, Wetherspoon has received a reasonable number of applications for vacancies, as indicated by the increase in employee numbers, but some areas of the country, especially “staycation” areas in the West Country and elsewhere, have found it hard to attract staff.

During the pandemic, the pressure on pub managers and staff has been particularly acute, with a number of nationwide and regional pub closures and reopenings, often with very little warning, each of which resulted in different regulations.

In the last year, the country moved, in succession, from lockdown, to ‘Eat Out to Help Out’, to curfews, to firebreaks, to pints with a substantial meal only, to different tier systems and to further lockdowns.

Pub management teams, and indeed the entire hospitality industry, had an almost impossible burden in trying to communicate often conflicting and arbitrary rules to customers.

One of the most surprising statistics has been the apparent low level of transmission of the virus in pubs.

For example, in more than 50 million customer visits, recorded in the second half of 2020, before the introduction of vaccines, Wetherspoon had zero outbreaks of the virus, as defined by the health authorities, among customers.

Yet there has clearly been a high level of transmission in some other environments, including private parties, weddings, production facilities, university halls of residence and homes.

Pubs have been at the forefront of business closures during the pandemic, at great cost to the industry - but at even greater cost to the Treasury.

In spite of these obstacles, Wetherspoon is cautiously optimistic about the outcome for the financial year, on the basis that there is no further resort to lockdowns or onerous restrictions.

The biggest threat to the pub industry, and also, inter alia, to restaurants, theatres, cinemas, airlines and travel companies, relates to the precedent set by the government for the use of lockdowns and draconian restrictions, imposed under emergency powers. This threat, which is also a threat to civil society and democracy, has been regularly articulated by many commentators, including the former Supreme Court judge Lord Sumption (please see appendix 3 below).

Appendix 1 – Unaudited primary financial statements (pre-IFRS16 accounting)

The following unaudited financial statements are included to aid understanding.

Pre-IFRS16 income statement (before exceptional items):

	52 weeks ended 25 July 2021 £000	52 weeks ended 26 July 2020 £000
Revenue	**772,555**	**1,262,048**
Operating costs	**(877,645)**	**(1,254,896)**
Operating (loss)/profit	**(105,090)**	**7,152**
Property (losses)/gains	**(2,323)**	**(641)**
Finance income	**188**	**161**
Finance costs	**(47,451)**	**(40,767)**
Loss before tax	**(154,676)**	**(34,095)**
Income tax credit	**19,149**	**4,158**
Loss for the period	**(135,527)**	**(29,937)**

Pre-IFRS16 income statement reconciliation (before exceptional items):

	52 weeks ended 25 July 2021 £000	52 weeks ended 26 July 2020 £000
Loss for the period before IFRS16	**(135,527)**	**(29,937)**
Operating costs	**49,582**	**58,503**
Amortisation and Depreciation		
- ROU Assets	**(44,936)**	**(49,059)**
- Lease Premiums	**86**	**368**
Disposal of leases	**2,200**	**1,125**
Finance income	**407**	**451**
Finance costs	**(19,829)**	**(21,980)**
Income tax credit	**1,546**	**2,012**
Loss for the period	**(146,471)**	**(38,517)**

Pre-IFRS16 cash flow statement:

	52 weeks ended 25 July 2021 £000	52 weeks ended 26 July 2020 £000
Net cash flows from operating activities	**(52,854)**	**(2,108)**
Net cash flow from investing activites	**(57,726)**	**(188,361)**
Net cash flow from financing activities	**(18,463)**	**321,970**
Net change in cash and cash equivalents	**(129,043)**	**131,501**
Opening cash and cash equivalents	**174,451**	**42,950**
Closing cash and cash equivalents	**45,408**	**174,451**
Free cash flow	**(83,284)**	**(58,852)**
Free cash flow per ordinary share (p)	**(67.8)**	**(54.2)**

Pre-IFRS16 balance sheet:

	As at 25 July 2021 £000	As at 26 July 2020 £000
Non-current assets		
Property, plant and equipment	**1,420,515**	**1,439,467**
Intangible assets	**5,358**	**8,895**
Investment property	**10,533**	**11,527**
Other non-current assets	**7,434**	**7,520**
Deferred tax assets	**-**	**-**
Total non-current assets	**1,443,840**	**1,467,409**
Current assets		
Inventories	**26,853**	**23,095**
Receivables	**34,477**	**36,387**
Current income tax receivables	**-**	**7,672**
Cash and cash equivalents	**45,408**	**174,451**
Total current assets	**106,738**	**241,605**
Total assets	**1,550,578**	**1,709,014**
Current liabilities		
Borrowings	**(7,610)**	**(7,610)**
Trade and other payables	**(287,758)**	**(267,677)**
Current income tax liabilities	**(1,454)**	**-**
Provisions	**(4,725)**	**(4,759)**
Total current liabilities	**(301,547)**	**(280,046)**
Non-current liabilities		
Borrowings	**(883,272)**	**(983,828)**
Derivative financial instruments	**(37,643)**	**(82,194)**
Deferred tax liabilities	**(16,546)**	**(26,521)**
Provisions	**(1,488)**	**(1,488)**
Other liabilities	**(9,738)**	**(9,738)**
Total non-current liabilities	**(948,687)**	**(1,103,769)**
Total liabilities	**(1,250,244)**	**(1,383,815)**
Net assets	**300,344**	**325,199**
Shareholders' equity		
Share capital	**2,575**	**2,408**
Share premium account	**143,294**	**143,294**
Capital redemption reserve	**2,337**	**2,337**
Other reserve	**234,579**	**141,002**
Hedging reserve	**(15,403)**	**(66,577)**
Currency translation reserve	**1,851**	**7,089**
Retained earnings	**(68,889)**	**95,646**
Total shareholders' equity	**300,344**	**325,199**

Appendix 2 – Corporate Governance, Extract from J D Wetherspoon Annual Report 2019

The underlying ethos of corporate governance is to comply with the guidelines or to explain why you do not.

The original creators of the rules must have realised that business success takes many forms, so a rigid structure, applicable to all companies cannot be devised – hence the requirement to explain non-compliance.

Wetherspoon has always explained its approach. For example, in 2016, our approach to corporate governance was summed up in the annual report as follows:

"..*I have said that many aspects of current corporate governance advice, as laid out in the Combined Code, are deeply flawed*…"

I then went on to say:

"*I believe that the following propositions represent the views of sensible shareholders:*

The Code itself is faulty, since it places excessive emphasis on meetings between directors and shareholders and places almost no emphasis on directors taking account of the views of customers and employees which are far more important, in practice, to the future well-being of any company. For example, in the UK Corporate Governance Code (September 2014), there are 64 references to shareholders, but only three to employees and none to customers – this emphasis is clearly mistaken.

■ *The average institutional shareholder turns over his portfolio twice annually, so it is advisable for directors to be wary of the often perverse views of 'Mr Market' (in the words of Benjamin Graham), certainly in respect of very short-term shareholders.*

■ *A major indictment of the governance industry is that modern annual reports are far too long and often unreadable. They are full of semiliterate business jargon, including accounting jargon and are cluttered with badly written and incomprehensible governance reports.*

■ *It would be very helpful for companies, shareholders and the public, if the limitations of corporate governance systems were explicitly recognised. Common sense, management skills and business savvy are more important to commercial success than board structures. All of the major banks and many supermarket and pub companies have suffered colossal business and financial problems, in spite of, or perhaps because of, their adherence to inadvisable governance guidelines.*

■ *There should be an approximately equal balance between executives and non-executives. A majority of executives is not necessarily harmful, provided that non-executives are able to make their voices heard.*

■ *It is often better if a chairman has previously been the chief executive of the company. This encourages chief executives, who may wish to become a chairman in future, to take a long-term view, avoiding problems of profit-maximisation policies in the years running up to the departure of a chief executive.*

■ *A maximum tenure of nine years for non-executive directors is not advisable, since inexperienced boards, unfamiliar with the effects of the 'last recession' on their companies, are likely to reduce financial stability.*

■ *An excessive focus on achieving financial or other targets for executives can be counter-productive. There's no evidence that the type of targets preferred by corporate governance guidelines actually works and there is considerable evidence that attempting to reach ambitious financial targets is harmful.*

■ *As indicated above, it is far more important for directors to take account of the views of employees and customers than of the views of institutional shareholders. Shareholders should be listened to with respect, but caution should be exercised in implementing the views of short-term shareholders. It should also be understood that modern institutional shareholders may have a serious conflict of interest, as they are often concerned with their own quarterly portfolio performance, whereas corporate health often requires objectives which liefive, 10 or 20 years in the future.*"

I also quoted Sam Walton of Walmart in the 2014 annual report. He said:

"*What's really worried me over the years is not our stock price, but that we might someday fail to take care of our customers or that our managers might fail to motivate and take care of our (employees)….Those challenges are more real than somebody's theory that we're heading down the wrong path….As business leaders, we absolutely cannot afford to get all caught up in trying to meet the goals that some … institution … sets for us. If we do that, we take our eye off the ball…. If we fail to live up to somebody's hypothetical projection for what we* *should be doing, I don't care. We couldn't care less about what is forecast or what the market says we ought to do.*"

It is, therefore, very disappointing that one large institutional shareholder does not appear, by its actions, to support the central tenet of our stance on the issue of governance, which is that experience is extremely important and that the so-called 'nine-year rule' is perverse and counterproductive.
This shareholder failed to support the re-election of two of our non-executive directors at last year's AGM. I arranged a meeting for all of our main institutional shareholders in April 2019, to further explain our position, which the shareholder in question failed to attend. I then arranged a further meeting with the shareholder at their offices
in May 2019.

Following the meeting there was no confirmation that the shareholder would support the re-election of our long-serving non-executive directors. As a result, three of our four non-executives, in the best interests of the Company, offered to leave, on a rotational basis.

The Company contacted all of its main shareholders to inform them of this proposal. The shareholder in question agreed. However, a number of other shareholders expressed their discontent with the proposed resignations.

The executive board and I strongly feel that these sorts of board changes disrupt and weaken the Company. I wrote to the shareholder on
9 September 2019 to ask them to reconsider their position, but have not received a reply.

Wetherspoon has had harmonious relationships with almost all of its shareholders over many years and has complied with the corporate governance requirement for explanation. Judging from the absence of any adverse comment, our approach has generally been accepted by investors.

Appendix 3 – Tyranny of the Covid experts: finger-wagging SAGE scientist Jeremy Farrar penned a book about how he's the only person Boris Johnson should ever have listened to, Jonathan Sumption, The Mail on Sunday, 31 July 2021

Professor Sir Jeremy Farrar is a distinguished epidemiologist, a member of the Sage scientific committee, the director of the Wellcome Trust health research charity and an influential government adviser. He is also the most hawkish of lockdown hawks, and he has written a book with journalist Anjana Ahuja, called Spike. It is a revealing read.

Spike is basically about Farrar himself: how he saw it all coming, how he personally forced the Chinese government to release the genetic sequence of the Covid-19 virus that allowed scientists to develop a vaccine, how he warned the world of imminent doom, how the Government could have saved lives by treasuring his words more, and how he risked assassination by the Chinese ('If anything happens to me, this is what you need to know', he told friends).

The talk is all of wars, battle plans, and people heading for precipices. All this is a bit melodramatic and self-obsessed for my taste. but Farrar is a distinguished scientist who means well. He is terrifyingly sincere and really does have the interest of mankind at heart. Therein lies the problem.

There are few more obsessive fanatics than the technocrat who is convinced that he is reordering an imperfect world for its own good.

If Spike is largely about its author, it also tells us much about those who have been in charge of our lives through Covid-19.

Farrar represents most of what has gone wrong. His main target is the British Government. But he actually agrees with nearly everything they have done.

Farrar's complaint is that they did not do it quickly or brutally enough when he suggested it, and stopped doing it before he gave them the all-clear.

His views about how governments should deal with public health crises are broadly the same as those of Dominic Cummings. Both men are frustrated autocrats who believed that from Day One we needed 'a command-and-control structure'. He speaks well of Chinese methods of disease control.

'Panic was called for,' in March 2020, he says at one point. At another, he tells us that at a time when governments were panicking all over Europe, there was not enough panic in Britain.

This is all very odd. It does not seem to have occurred to Farrar that the jerky, ill-considered and inconsistent improvisations that passed for policy-making in the Johnson Government, and which he rightly criticises, were the direct result of the panic that he recommends.

The great object is of course to ensure that 'the science' is applied. No ifs, no buts and no delay. In Farrar's world, this is easy as there is only one science, namely his own.

He is convinced he's right and the Government should listen to no one else. Challenge from other scientists is normally regarded as fundamental to scientific advance. But for Farrar disagreement is a 'hurdle'. It just gets in his way.

So, serious scientists such as Professors Carl Heneghan, Karol Sikora and Sunetra Gupta, who have had the temerity to offer opinions differing from his own, are dismissed as being 'responsible for a number of unnecessary deaths', although Farrar has had a great deal of influence on Government policy and they have had almost none.

This kind of attitude to colleagues is, frankly, unworthy of a scientist of Sir Jeremy's eminence.

Anders Tegnell, the Swedish state epidemiologist, is dismissed in a brief footnote, although Sweden is a standing repudiation of much that Farrar stands for. Sweden has avoided a lockdown, yet has done much better than the UK.

Like many technocrats, Farrar believes in coercion. Otherwise, people might not do what he wants. 'You cannot tell people to stay at home only if they feel like it,' he says.

This is an obtuse misunderstanding of the argument against coercion. The point is that people differ widely in their vulnerability to Covid-19. It causes serious illness among the old and those with severe underlying conditions, but the symptoms are mild for nearly everyone else.

We therefore have to be able to make our own risk assessments. It is simply untrue that the vulnerable would ignore advice 'if they felt like it'. People have a basic sense of self-preservation.

This was Sage's consistent advice right up to the first lockdown. Farrar denies it, but the record speaks for itself.

On March 10 and 13, the minutes record that Sage advised guidance on isolation, selectively directed to the old and vulnerable.

On March 13, they said that the public should be treated as 'rational actors, capable of taking decisions for themselves and managing personal risk.' Farrar participated in both meetings.

Of course, selective coercion would be impractical, as he points out. But universal coercion is pointless, inefficient and wasteful.

It treats people as if all were vulnerable, when only some are. Instead of spending several times the cost of the NHS on paying young, healthy people who were at negligible risk not to work, we should have been pouring resources into protecting the vulnerable.

Interestingly, Farrar accepts that lockdowns only push infections and associated deaths into a future period after they are lifted.

He also appears to accept it would have been intolerable to lock down the whole population until a vaccine was developed and everyone had received it, which would have taken at least 18 months and possibly never happen.

His preferred course seems to be a series of lockdowns starting each time that we look like approaching the intensive care capacity of the NHS. In other words, very much what we have had. However, Farrar has wagged his finger every time that restriction has been lifted.

In theory, we can switch lockdown on and off like a malfunctioning internet router, but in practice it seems that the time is never ripe. We only have to look around us to see that lockdowns have failed to halt the virus, either here or anywhere else in the world. The problem is in the concept, not the application.

This brings me to the most remarkable feature of this book, which is Farrar's brushing aside of the appalling collateral consequences of lockdowns: other illnesses which go untreated such as cancer or accelerate like dementia, impacts on education, equality and public debt, not to speak of the worst recession in 300 years.

Farrar regards all this as a regrettable but unavoidable result of desirable measures, and not as reasons for questioning whether they were ever desirable in the first place.

In keeping with this blinkered approach, he refers to the collateral disasters as consequences of Covid-19. They are not. They are manmade consequences of the policy responses he has been advocating.

I shall resist the temptation to apply to him the criticism he gratuitously and unfairly applied to Messrs Sikora, Heneghan and Gupta.

Entirely missing from Farrar's worldview is any conception of the complexity of the moral judgments involved. Of course public health matters, but it is not all that matters.

Interaction with other human beings is a fundamental human need. Criminalising it is a sustained assault on our humanity. Doing so without assessing the wider consequences is irresponsible folly.

Sir Jeremy Farrar adopts the current habit of using 'libertarian' as a word of abuse.

But I am proud to be a libertarian. Personal autonomy is a basic condition of human happiness and creativity. I am a libertarian because the opposite of liberty is despotism.

INCOME STATEMENT for the 52 weeks ended 25 July 2021

J D Wetherspoon plc, company number: 1709784

	Notes	**52 weeks ended 25 July 2021 Before exceptional items £000**	**52 weeks ended 25 July 2021 Exceptional items (note 4) £000**	**52 weeks ended 25 July 2021 After exceptional items £000**	52 weeks ended 26 July 2020 Before exceptional items £000	52 weeks ended 26 July 2020 Exceptional items (note 4) £000	52 weeks ended 26 July 2020 After exceptional items £000
Revenue	1	**772,555**	**-**	**772,555**	1,262,048	-	1,262,048
Other operating income		**-**	**15,541**	**15,541**	-	15,890	15,890
Operating costs		**(872,913)**	**(24,482)**	**(897,395)**	(1,245,084)	(29,091)	(1,274,175)
Operating (loss)/profit	2	**(100,358)**	**(8,941)**	**(109,299)**	16,964	(13,201)	3,763
Property (losses)/gains	3	**(123)**	**(5,839)**	**(5,962)**	484	(47,476)	(46,992)
Finance income	6	**595**	**-**	**595**	612	-	612
Finance costs	6	**(67,280)**	**(12,690)**	**(79,970)**	(62,747)	-	(62,747)
Loss before tax		**(167,166)**	**(27,470)**	**(194,636)**	(44,687)	(60,677)	(105,364)
Income tax credit	7	**20,695**	**(7,114)**	**13,581**	6,170	1,633	7,803
Loss for the period		**(146,471)**	**(34,584)**	**(181,055)**	(38,517)	(59,044)	(97,561)
Loss per ordinary share (p)							
- Basic	8	**(119.2)**	**(28.2)**	**(147.4)**	(35.5)	(54.4)	(89.9)
- Diluted	8	**(119.2)**	**(28.2)**	**(147.4)**	(35.5)	(54.4)	(89.9)

STATEMENT OF COMPREHENSIVE INCOME for the 52 weeks ended 25 July 2021

	Notes	**52 weeks ended 25 July 2021 £000**	52 weeks ended 26 July 2020 £000
Items which will be reclassified subsequently to profit or loss:			
Interest-rate swaps: gain/(loss) taken to other comprehensive income		**44,551**	(33,122)
Interest-rate swaps: gain/(loss) reclassification to the income statement		**11,707**	-
Tax on items taken directly to other comprehensive income	7	**(5,084)**	7,275
Currency translation differences		**(3,510)**	1,293
Net (loss)/gain recognised directly in other comprehensive income		**47,664**	(24,554)
Loss for the period		**(181,055)**	(97,561)
Total comprehensive loss for the period		**(133,391)**	(122,115)

CASH FLOW STATEMENT for the 52 weeks ended 25 July 2021

J D Wetherspoon plc, company number: 1709784

	Notes	**52 weeks ended 25 July 2021 £000**	**Free cash flow 52 weeks ended 25 July 2021 £000**	52 weeks ended 26 July 2020 £000	Free cash flow 52 weeks ended 26 July 2020 £000
Cash flows from operating activities					
Cash generated from operations	9	**25,208**	**25,208**	75,665	75,665
Interest received		**187**	**187**	59	59
Interest paid		**(48,428)**	**(48,428)**	(29,914)	(29,914)
Corporation tax paid		**7,673**	**7,673**	(10,971)	(10,971)
Lease interest		**(19,942)**	**(19,942)**	(18,080)	(18,080)
Net cash flow from operating activities		**(35,302)**	**(35,302)**	16,759	16,759
Cash flows from investing activities					
Reinvestment in pubs		**(19,692)**	**(19,692)**	(43,370)	(43,370)
Reinvestment in business and IT projects		**(2,620)**	**(2,620)**	(926)	(926)
Investment in new pubs and pub extensions		**(21,131)**	**–**	(50,408)	–
Freehold reversions and investment properties		**(16,858)**	**–**	(98,467)	–
Proceeds of sale of property, plant and equipment		**2,575**	**–**	4,810	–
Net cash flow from investing activities		**(57,726)**	**(22,312)**	(188,361)	(44,296)
Cash flows from financing activities					
Equity dividends paid	11	**–**	**–**	(8,371)	–
Purchase of own shares for cancellation		**–**	**–**	(6,456)	–
Purchase of own shares for share-based payments		**(7,684)**	**(7,684)**	(11,125)	(11,125)
Loan issue cost	10	**(434)**	**(434)**	(1,323)	(1,323)
Advances under private placement	10	**–**	**–**	98,000	–
(Repayment)/advances under bank loans	10	**(195,000)**	**–**	100,000	–
Advances under CLBILS	10	**100,033**	**–**	–	–
Advances under asset-financing	10	**–**	**–**	16,152	–
Lease principal payments		**(17,552)**	**(17,552)**	(18,867)	(18,867)
Issue of share capital		**91,523**	**–**	137,995	–
Asset-financing principal payments	10	**(6,901)**	**–**	(2,902)	–
Net cash flow from financing activities		**(36,015)**	**(25,670)**	303,103	(31,315)
Net change in cash and cash equivalents	10	**(129,043)**		131,501	
Opening cash and cash equivalents		**174,451**		42,950	
Closing cash and cash equivalents		**45,408**		174,451	
Free cash flow	8		**(83,284)**		(58,852)
Free cash flow per ordinary share	8		**(67.8)p**		(54.2)p

Free cash flow is a measure not required by accounting standards; a definition is provided in the accounting policies.

BALANCE SHEET as at 25 July 2021

J D Wetherspoon plc, company number: 1709784

	Notes	**25 July 2021** **£000**	26 July 2020 Restated £000
Assets			
Non-current assets			
Property, plant and equipment	13	**1,423,826**	1,442,778
Intangible assets	12	**5,358**	8,895
Investment property	14	**10,533**	11,527
Right-of-use assets		**468,538**	532,584
Deferred tax assets	7	**-**	-
Lease assets		**9,890**	11,115
Total non-current assets		**1,918,145**	2,006,899
Current assets			
Lease assets		**1,638**	1,736
Inventories		**26,853**	23,095
Receivables		**16,427**	32,176
Current income tax receivables		**1,187**	10,313
Cash and cash equivalents		**45,408**	174,451
Total current assets		**91,513**	241,771
Total assets		**2,009,658**	2,248,670
Current liabilities			
Borrowings		**(7,610)**	(7,610)
Trade and other payables		**(259,791)**	(255,085)
Provisions		**(3,004)**	(3,038)
Lease liabilities		**(65,219)**	(65,343)
Total current liabilities		**(335,624)**	(331,076)
Non-current liabilities			
Borrowings		**(883,272)**	(983,828)
Derivative financial instruments		**(37,643)**	(82,194)
Deferred tax liabilities	7	**(16,546)**	(26,521)
Lease liabilities		**(458,596)**	(507,803)
Total non-current liabilities		**(1,396,057)**	(1,600,346)
Total liabilities		**(1,731,681)**	(1,931,422)
Net assets		**277,977**	317,248
Shareholders' equity			
Share capital		**2,575**	2,408
Share premium account		**143,294**	143,294
Capital redemption reserve		**2,337**	2,337
Other reserves		**234,579**	141,002
Hedging reserve		**(15,403)**	(66,577)
Currency translation reserve		**1,851**	7,089
Retained earnings		**(91,256)**	87,695
Total shareholders' equity		**277,977**	317,248

STATEMENT OF CHANGES IN EQUITY

J D Wetherspoon plc, company number: 1709784

	Notes	Share capital	Share premium account	Capital redemption reserve	Other Reserves	Hedging reserve	Currency translation reserve	Retained earnings	**Total**
		£000	£000	£000	£000	£000	£000	£000	**£000**
At 28 July 2019		**2,102**	**143,294**	**2,329**	**-**	**(40,730)**	**5,370**	**204,447**	**316,812**
Total comprehensive income		-	-	-	-	(25,847)	1,719	(97,987)	(122,115)
Loss for the period		-	-	-	-	-	-	(97,561)	(97,561)
Interest-rate swaps: cash flow hedges		-	-	-	-	(33,122)	-	-	(33,122)
Tax on items taken directly to comprehensive income	7	-	-	-	-	7,275	-	-	7,275
Currency translation differences		-	-	-	-	-	1,719	(426)	1,293
Issued share capital restated		314	137,681	-	-	-	-	-	137,995
Purchase of own shares for cancellation		(8)	-	8	-	-	-	(6,456)	(6,456)
Share-based payment charges		-	-	-	-	-	-	10,705	10,705
Tax on share-based payment	7	-	-	-	-	-	-	(197)	(197)
Purchase of own shares for share-based payments		-	-	-	-	-	-	(11,125)	(11,125)
Dividends	11	-	-	-	-	-	-	(8,371)	(8,371)
As at 26 July 2020 as previously reported		**2,408**	**280,975**	**2,337**	**-**	**(66,577)**	**7,089**	**91,016**	**317,248**
Effect of restatements		-	(137,681)	-	141,002	-	-	(3,321)	-
At 26 July 2020 restated		**2,408**	**143,294**	**2,337**	**141,002**	**(66,577)**	**7,089**	**87,695**	**317,248**
Total comprehensive income		-	-	-	-	51,174	(5,238)	(179,327)	(133,391)
Loss for the period		-	-	-	-	-	-	(181,055)	(181,055)
Interest-rate swaps: cash flow hedges		-	-	-	-	44,551	-	-	44,551
Interest-rate swaps: Interest-rate swaps: amount reclassified to the income statement		-	-	-	-	11,707	-	-	11,707
Tax on items taken directly to comprehensive income	7	-	-	-	-	(5,084)	-	-	(5,084)
Currency translation differences		-	-	-	-	-	(5,238)	1,728	(3,510)
Issued share capital (net of expenses)		167	-	-	93,577	-	-	(2,221)	91,523
Share-based payment charges		-	-	-	-	-	-	10,267	10,267
Tax on share-based payment		-	-	-	-	-	-	16	16
Purchase of own shares for share-based payments		-	-	-	-	-	-	(7,684)	(7,684)
At 25 July 2021		**2,575**	**143,294**	**2,337**	**234,579**	**(15,403)**	**1,851**	**(91,256)**	**277,977**

The currency translation reserve contains the accumulated currency gains and losses on the long-term financing and balance sheet translation of the overseas branch. The currency translation difference reported in retained earnings is the retranslation of the opening reserves in the overseas branch at the current period end's currency exchange rate.

As at 25 July 2021, the company had distributable reserves of £129.8m.

On 20 January 2021 the company raised gross proceeds of £93.7m via a share placement. The placing shares were issued for non-cash consideration by way of a 'cash box' structure, involving a newly incorporated Jersey subsidiary of the company ('JerseyCo'). This structure involved the issue of ordinary and preference shares by JerseyCo to the investment bank advising the company in respect of the placement. These preference and ordinary shares were subsequently acquired by the company and the preference shares redeemed by JerseyCo. The acquisition by the company of the ordinary shares in JerseyCo held by the investment bank resulted in the company securing over 90% of the equity share capital of JerseyCo. The company was able therefore, to rely on section 612 of the Companies Act 2006, this provides relief from the requirements under Section 610 of the Companies Act 2006 to create a share premium account. Therefore, no share premium was recorded in relation to the placing shares. The premium over the nominal value of the placing shares was credited to an 'other reserve'. This other reserve is determined to be distributable for the purposes of the Companies Act 2006.

Within the period the company reclassified the net proceeds from the share placement completed on 30 April 2020 which had been structured in exactly the same way as the more recent placement. This reclassification was to move these net proceeds from the share premium to other reserves. The financial statements for last financial year have been restated as a result.

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

	52 weeks ended 25 July 2021 £000	52 weeks ended 26 July 2020 £000
Bar	**440,119**	761,065
Food	**283,192**	452,150
Eat out to help out scheme	**23,248**	-
Slot/fruit machines	**17,059**	35,931
Hotel	**8,592**	11,780
Other	**345**	1,122
	772,555	1,262,048

2. Operating (loss)/profit – analysis of costs by nature

This is stated after charging/(crediting):	**52 weeks ended 25 July 2021 £000**	52 weeks ended 26 July 2020 £000
Variable concession rental payments	**2,801**	4,609
Short term leases	**784**	204
Cancelled principal payments	**(10,933)**	(6,127)
Repairs and maintenance	**64,020**	75,861
Net rent receivable	**(1,873)**	(1,484)
Share-based payments (note 5)	**10,267**	10,705
Depreciation of property, plant and equipment (note 13)	**73,193**	75,386
Amortisation of intangible assets (note 12)	**3,151**	3,806
Depreciation of investment properties (note 14)	**44**	79
Depreciation of right-of-use assets	**44,532**	49,059

Included in cost of sales is £292.7m (2020: £449.2m) relating to cost of inventory recognised as expense.

Analysis of continuing operations	**52 weeks ended 25 July 2021 £000**	52 weeks ended 26 July 2020 £000
Revenue	**772,555**	1,262,048
Cost of sales	**(844,574)**	(1,217,521)
Gross profit	**(72,019)**	44,527
Administration costs	**(37,280)**	(40,764)
Operating (loss)/profit after exceptional items	**(109,299)**	3,763

Auditor's remuneration	**52 weeks ended 25 July 2021 £000**	52 weeks ended 26 July 2020 £000
Fees payable for the audit of the financial statements		
– Standard audit fees	**303**	171
– Additional audit work (for previous year audit)	**100**	-
Fees payable for other services:		
– Audit related services	**33**	27
Total auditor's fees	**436**	198

3. Property gains and losses

	52 weeks ended 25 July 2021 Before exceptional items £000	52 weeks ended 25 July 2021 Exceptional items (note 4) £000	52 weeks ended 25 July 2021 After exceptional items £000	52 weeks ended 26 July 2020 Before exceptional items £000	52 weeks ended 26 July 2020 Exceptional items (note 4) £000	52 weeks ended 26 July 2020 After exceptional items £000
Disposals						
Fixed assets	**1,548**	**1,592**	**3,140**	1,002	2,769	3,771
Leases	**(2,200)**	**–**	**(2,200)**	(1,125)	–	(1,125)
Additional costs of disposal	**775**	**115**	**890**	258	684	942
	123	**1,707**	**1,830**	135	3,453	3,588
Impairments						
Property, plant and equipment (note 13)	**–**	**1,999**	**1,999**	–	28,602	28,602
Intangible assets (note 12)	**–**	**–**	**–**	–	10,699	10,699
Right-of-use assets	**–**	**2,133**	**2,133**	–	4,722	4,722
	–	**4,132**	**4,132**	–	44,023	44,023
Other						
Other property gains	**–**	**–**	**–**	(619)	–	(619)
	–	**–**	**–**	(619)	–	(619)
Total property losses/(gains)	**123**	**5,839**	**5,962**	(484)	47,476	46,992

Non-exceptional property losses, excluding disposal of lease assets, were £2,323,000 in the period (2020: £1,260,000).

4. Exceptional items

	52 weeks ended 25 July 2021 £000	52 weeks ended 26 July 2020 £000
Exceptional operating items		
Gaming machine settlement	**–**	(15,890)
Local government support grants	**(11,123)**	–
Duty drawback	**(4,418)**	–
Exceptional operating income	**(15,541)**	(15,890)
Equipment	**3,753**	6,167
Stock losses	**4,158**	5,862
Staff costs	**15,692**	17,062
Other	**879**	–
Exceptional operating costs	**24,482**	29,091
Total exceptional operating loss	**8,941**	13,201
Exceptional property losses		
Disposal programme		
Loss on disposal of pubs	**1,707**	3,453
Impairment of property plant and equipment	**–**	4,698
	1,707	8,151
Other property losses		
Impairment of property, plant and equipment	**1,999**	23,904
Impairment of intangible assets	**–**	10,699
Impairment of right-of-use assets	**2,133**	4,722
	4,132	39,325
Total exceptional property losses	**5,839**	**47,476**
Other exceptional items		
Exceptional finance costs	**12,690**	–
	12,690	–
Exceptional tax		
Exceptional tax Items	**10,385**	4,252
Tax effect on exceptional items	**(3,271)**	(5,885)
	7,114	(1,633)
Total exceptional items	**34,584**	59,044

Stock and duty drawback
A provision of £4,158,000 (2020: £5,862,000) was made for perished stock, as a result of the closure during the financial period 2020/21. A credit of £4,418,000 for duty drawback were received for perished stock during the closure periods.

Exceptional equipment
The company has recognised £3,753,000 (2020: £6,167,000) for personal protective equipment and hygiene products relating to the Covid-19 pandemic.

Local government support grants
The company has recognised £11,123,000 income of local government support grants in the UK and the Republic of Ireland relating to the Covid-19 pandemic. These are recognised on receipt.

4. Exceptional items (continued)

Staff costs
The company has recognised an exceptional charge of £15,692,000, which included £9,513,000 of payments made by the company to staff over and above the furlough grants received and associated taxes, and £6,179,000 of redundancy and restructuring payments.

Disposal programme
The company has offered several of its sites for sale. At the end of the period, one further site (2020: eight) sites had been sold.

In the table on the previous page, the costs classified under the 'exceptional property losses – disposal programme' relate to the loss on disposal of this sold site.

Other property losses
Property impairment relates to pubs that are unlikely to generate sufficient cash flows in the future to support their carrying value. In the year, a total impairment charge of £4,132,000 (2020: £39,325,000) was incurred in respect of the impairment of assets as required under IAS 36. There was £Nil reversal of impairments recognised in the year (2020: £Nil).

Exceptional finance costs
The company has recognised an exceptional charge of £12,690,000, £11,707,000 of which relates to a reclassification due to hedge accounting. The remaining £983,000 is related to covenant-waiver fees.

Taxation
The exceptional tax charge of £7,114,000 relates to the creation of a deferred tax asset in respect of tax losses arising from exceptional expenditure (£2,546,000 credit), a previous year adjustment to current and deferred tax in relation to items recognised as exceptional in a prior period (£725,000 credit) and the impact of the change in UK tax rate on the deferred tax balance (£10,385,000 charge).

5. Employee benefits expenses

	52 weeks ended 25 July 2021 £000	52 weeks ended 26 July 2020 £000
Wages and salaries	**520,339**	565,032
Employee support grants	**(208,986)**	(131,539)
Social security costs	**23,380**	31,710
Other pension costs	**7,877**	8,308
Share-based payments	**10,267**	10,705
Redundancy and restructuring costs (note 4)	**6,179**	–
	359,056	484,216

Directors' emoluments	**2021 £000**	2020 £000
Aggregate emoluments	**1,709**	1,547
Aggregate amount receivable under long-term incentive schemes	**181**	173
Company contributions to money purchase pension scheme	**178**	165
	2,068	1,885

Employee support grants disclosed above are amounts claimed by the company under the coronavirus job retention schemes in the UK and the Republic of Ireland.

5. Employee benefits expenses (continued)

	2021 Number	2020 Number
Full-time equivalents		
Managerial/administration	**4,586**	4,696
Hourly paid staff	**18,736**	20,952
	23,322	25,648

	2021 Number	2020 Number
Total employees		
Managerial/administration	**4,703**	4,792
Hourly paid staff	**34,322**	38,427
	39,025	43,219

The totals above relate to the monthly average number of employees during the year, not the total of employees at the end of the year.

Share-based payments	52 weeks ended 25 July 2021	52 weeks ended 26 July 2020
Shares awarded during the year (shares)	**852,261**	568,821
Average price of shares awarded (pence)	**957**	1,542
Market value of shares vested during the year (£000)	**9,169**	14,097
Total obligation of the share based payments scheme (£000)	**14,608**	14,999

The shares awarded as part of the above schemes are based on the cash value of the bonuses at the date of the awards. These awards vest over three years, with their cost spread over their three-year life. The share-based payment charge above represents the annual cost of bonuses awarded over the past three years. All awards are settled in equity.

The company operates two share-based compensation plans. In both schemes, the fair values of the shares granted are determined by reference to the share price at the date of the award. The shares vest at a £Nil exercise price – and there are no market-based conditions to the shares which affect their ability to vest.

6. Finance income and costs

	52 weeks ended 25 July 2021 £000	52 weeks ended 26 July 2020 £000
Finance costs		
Interest payable on bank loans and overdrafts	**21,903**	21,292
Amortisation of bank loan issue costs (note 10)	**1,746**	1,541
Interest payable on swaps	**18,228**	14,522
Interest payable on asset-financing	**664**	503
Interest payable on private placement	**4,907**	2,909
Finance costs excluding lease interest	**47,448**	40,767
Interest payable on leases	**19,832**	21,980
Total finance costs	**67,280**	62,747
Bank interest receivable	**(188)**	(161)
Lease interest receivable	**(407)**	(451)
Total finance income	**(595)**	(612)
Net finance costs before exceptional items	**66,685**	62,135
Exceptional finance costs (note 4)	**12,690**	–
Net finance costs after exceptional items	**79,375**	62,135

7. Income tax expense

(a) Tax on loss on ordinary activities

The standard rate of corporation tax in the UK is 19.0%. The company's profits for the accounting period are taxed at a rate of 19.0% (2020: 19.0%).

	52 weeks ended 25 July 2021 Before exceptional items £000	52 weeks ended 25 July 2021 Exceptional items (note 4) £000	52 weeks ended 25 July 2021 After exceptional items £000	52 weeks ended 26 July 2020 Before exceptional items £000	52 weeks ended 26 July 2020 Exceptional items (note 4) £000	52 weeks ended 26 July 2020 After exceptional items £000
Taken through income statement						
Current income tax:						
Current income tax charge	**(380)**	**–**	**(380)**	(2,827)	(7,502)	(10,329)
Previous period adjustment	**–**	**1,836**	**1,836**	227	–	227
Total current income tax	**(380)**	**1,836**	**1,456**	(2,600)	(7,502)	(10,102)
Deferred tax:						
Origination and reversal of temporary differences	**(19,158)**	**(2,546)**	**(21,704)**	(3,660)	1,617	(2,403)
Prior year deferred tax (credit)/charge	**(1,157)**	**(2,561)**	**(3,718)**	90	–	90
Impact of change in UK tax rate	**–**	**10,385**	**10,385**	–	4,252	4,252
Total deferred tax	**(20,315)**	**5,278**	**(15,037)**	(3,570)	5,869	2,299
Tax charge/(credit)	**(20,695)**	**7,114**	**(13,581)**	(6,170)	(1,633)	(7,803)

	52 weeks ended 25 July 2021 Before exceptional items £000	52 weeks ended 25 July 2021 Exceptional items (note 4) £000	52 weeks ended 25 July 2021 After exceptional items £000	52 weeks ended 26 July 2020 Before exceptional items £000	52 weeks ended 26 July 2020 Exceptional items (note 4) £000	52 weeks Ended 26 July 2020 After Exceptional Items £000
Taken through equity						
Current tax	**6**	**–**	**6**	(226)	–	(226)
Deferred tax	**(22)**	**–**	**(22)**	423	–	423
Tax (credit)/charge	**(16)**	**–**	**(16)**	197	–	197

	52 weeks ended 25 July 2021 Before exceptional items £000	52 weeks ended 25 July 2021 Exceptional items (note 4) £000	52 weeks ended 25 July 2021 After exceptional items £000	52 weeks ended 26 July 2020 Before exceptional items £000	52 weeks ended 26 July 2020 Exceptional items (note 4) £000	52 weeks ended 26 July 2020 After exceptional items £000
Taken through comprehensive income						
Deferred tax charge on swaps	**6,241**	**–**	**6,241**	(5,720)	–	(5,720)
Impact of change in UK tax rate	**(1,157)**	**–**	**(1,157)**	(1,555)	–	(1,555)
Tax charge/(credit)	**5,084**	**–**	**5,084**	(7,275)	–	(7,275)

7. Income tax expense (continued)

(b) Reconciliation of the total tax charge

The taxation charge for the 52 weeks ended 25 July 2021 is based on the pre-exceptional loss before tax of £167.2m and the estimated effective tax rate before exceptional items for the 52 weeks ended 25 July 2021 of 12.4% (2020: 13.8%). This comprises a pre-exceptional current tax rate of 0.2% (2020: 5.8%) and a pre-exceptional deferred tax charge of 12.2% (2020: 8.0% charge).

The UK standard weighted average tax rate for the period is 19.0% (2020: 19.0%). The current tax rate is lower than the UK standard weighted average tax rate, owing to tax losses in the period.

	52 weeks ended 25 July 2021 Before exceptional items £000	**52 weeks ended 25 July 2021 After exceptional items £000**	52 weeks ended 26 July 2020 Before exceptional items £000	52 weeks ended 26 July 2020 After exceptional items £000
(Loss) before income tax	**(167,166)**	**(194,636)**	(44,687)	(105,364)
Loss multiplied by the UK standard rate of corporation tax of 19.0% (2020: 19.0%)	**(31,762)**	**(36,981)**	(8,491)	(20,019)
Abortive acquisition costs and disposals	**–**	**–**	6	6
Expenditure not allowable	**1,791**	**4,680**	86	216
Other allowable deductions	**(18)**	**(18)**	(35)	(35)
Non-qualifying depreciation	**7,029**	**7,029**	83	5,122
Capital gains - effect of reliefs	**728**	**728**	603	603
Share options and SIPs	**955**	**955**	622	622
Deferred tax on balance-sheet-only items	**–**	**–**	(67)	(67)
Effect of different tax rates and unrecognised losses in overseas companies	**1,740**	**1,524**	706	1,180
Adjust current year deferred tax movement to average of 19% to 25%	**–**	**10,385**	-	4,252
Previous year adjustment – current tax	**–**	**1,836**	227	227
Previous year adjustment – deferred tax	**(1,158)**	**(3,719)**	90	90
Total tax expense reported in the income statement	**(20,695)**	**(13,581)**	(6,170)	(7,803)

7. **Income tax expense (continued)**

(c) Deferred tax

The deferred tax in the balance sheet is as follows:

The main rate of corporation tax is currently 19% but this will increase to 25% from 1 April 2023. The rate increase has been substantively enacted and therefore the deferred tax balances have been recognised at the rate they are expected to reverse.

Deferred tax liabilities

	Accelerated tax depreciation £000	Other temporary differences £000	Total £000
At 26 July 2020	36,217	6,739	42,956
Previous year movement posted to the income statement	(1,177)	(2,542)	(3,719)
Movement during year posted to the income statement	3,411	11	3,422
Impact of tax rate change posted to the income statement	12,142	1,328	13,470
At 25 July 2021	**50,593**	**5,536**	**56,129**

Deferred tax assets

	Share based payments £000	Tax losses and interest capacity carried forward £000	Interest-rate swaps £000	Total £000
At 26 July 2020	818	–	15,617	16,435
Previous year movement posted to the income statement	–	–	–	–
Movement during year posted to the income statement	(33)	27,383	(2,224)	25,126
Movement during year posted to comprehensive income	–	–	(6,241)	(6,241)
Movement during year posted to equity	22	–	–	22
Impact of change in tax rate posted to income statement	–	1,982	1,103	3,085
Impact of change in tax rate posted to comprehensive income	–	–	1,157	1,157
At 25 July 2021	**807**	**29,365**	**9,412**	**39,584**

The company has recognised deferred tax assets of £39.6m (2020: £16.4m), which are expected to offset against future profits. This includes a deferred tax asset of £29.4m (2020: £Nil) in respect of UK tax losses and current-year interest restrictions capable of reactivation in future periods. This is on the basis that it is probable that profits will arise in the foreseeable future, enabling the assets to be utilised.

Deferred tax assets and liabilities have been offset as follows:

	2021 £000	Restated 2020 £000
Deferred tax liabilities	**56,129**	42,956
Offset against deferred tax assets	**(30,172)**	(818)
Offset against deferred tax assets (restated)	**(9,412)**	(15,617)
Deferred tax liabilities	**16,546**	26,521
Deferred tax assets	**39,584**	16,435
Offset against deferred tax liabilities	**(30,172)**	(818)
Offset against deferred tax liabilities (restated)	**(9,412)**	(15,617)
Deferred tax asset	**-**	–

As at 25 July 2021, the company had a potential deferred tax asset of £9.1m (2020: £4.9m) relating to capital losses and tax losses in the Republic of Ireland. A deferred tax asset has not been recognised, as there is insufficient certainty of recovery.

On 3 March 2021, the chancellor confirmed that the UK rate of corporation tax will increase to 25% from 1 April 2023. Deferred tax has been calculated at the rate of taxation for the peiod that the deferred tax items are expected reverse.

In accordance with IAS 12, the deferred tax asset and liability must be offset where there is a right of offset, this has been applied in the period and the prior year balance restated. This results in a reduction in the prior year deferred tax asset of £15,617,000 and the corresponding reduction in the deferred tax liability.

8. Earnings and free cash flow per share

(a) Weighted average number of shares

Earnings per share are based on the weighted average number of shares in issue of 124,668,915 (2020: 108,550,647), including those held in trust in respect of employee share schemes. Earnings per share, calculated on this basis, are usually referred to as 'diluted', since all of the shares in issue are included.

Accounting standards refer to 'basic earnings' per share – these exclude those shares held in trust in respect of employee share schemes.

During a period where a company makes a loss, accounting standards require that 'dilutive' shares (for the company, those held in trust in respect of employee share schemes) not be included in the earning per share calculation, because they will reduce the reported loss per share; consequently, all per-share measures in the current period are based on the number of shares in issue less shares held in trust of 122,827,248 (2020: 106,554,289).

From financial year 2021, the weighted average number of shares held in trust for employee share schemes has been adjusted to exclude those shares which are expected to vest, yet remain in trust.

Weighted average number of shares

Weighted average number of shares	**52 weeks ended 25 July 2021**	52 weeks ended 26 July 2020
Shares in issue (used for diluted EPS)	**124,668,915**	108,550,647
Shares held in trust	**(1,841,667)**	(1,996,358)
Shares in issue less shares held in trust (used for basic EPS)	**122,827,248**	106,554,289

(b) Earnings per share

52 weeks ended 25 July 2021	Loss £000	Basic EPS pence	Diluted EPS pence
Earnings (loss after tax)	**(181,055)**	**(147.4)**	**(147.4)**
Exclude effect of exceptional items after tax	34,584	28.2	28.2
Earnings before exceptional items	**(146,471)**	**(119.2)**	**(119.2)**
Exclude effect of property gains/(losses)	123	0.1	0.1
Underlying earnings before exceptional items	(146,348)	(119.1)	(119.1)

52 weeks ended 25 July 2021 – pre-IFRS16 unaudited	Loss £000	Basic EPS pence	Diluted EPS pence
Earnings (loss after tax)	**(170,111)**	**(138.5)**	**(138.5)**
Exclude effect of exceptional items after tax	34,584	28.2	28.2
Earnings before exceptional items	**(135,527)**	**(110.3)**	**(110.3)**
Exclude effect of property gains/(losses)	2,323	1.9	1.9
Underlying earnings before exceptional items	(133,204)	(108.4)	(108.4)

52 weeks ended 26 July 2020	Loss £000	Basic EPS pence	Diluted EPS pence
Earnings (loss after tax)	(97,561)	(89.9)	(89.9)
Exclude effect of exceptional items after tax	59,044	54.4	54.4
Earnings before exceptional items	(38,517)	(35.5)	(35.5)
Exclude effect of property (losses)/gains	(484)	(0.4)	(0.4)
Underlying earnings before exceptional items	(39,001)	(35.9)	(35.9)

8. Earnings and free cash flow per share (continued)

(c) Free cash flow per share

The calculation of free cash flow per share is based on the net cash generated by business activities and available for investment in new pub developments and extensions to current pubs, after funding interest, corporation tax, lease principal payments, loan issues costs, all other reinvestment in pubs open at the start of the period and the purchase of own shares under the employee Share Incentive Plan ('free cash flow'). It is calculated before taking account of proceeds from property disposals, inflows and outflows of financing from outside sources and dividend payments and is based on the weighted average number of shares in issue, including those held in trust in respect of the employee share scheme.

	Free cash flow £000	Basic free cash flow per share pence	Diluted free cash flow per share pence
52 weeks ended 25 July 2021	**(83,284)**	(67.8)	(67.8)
52 weeks ended 26 July 2020	**(58,852)**	(54.2)	(54.2)

(d) Owners' earnings per share

Owners' earnings measures' those earnings attributable to shareholders from current activities adjusted for significant non-cash items and one-off items. Owners' earnings are calculated as pre-IFRS16 profit before tax, exceptional items, depreciation and amortisation and property gains and losses less reinvestment in current properties and cash tax. Cash tax is defined as the current year's current tax charge. The weighted average number of shares in issue used in this metric is disclosed above (see note 8a).

52 weeks ended 25 July 2021 - unaudited	**Owners' Earnings £000**	**Basic Owners' EPS pence**	**Diluted Owners' EPS pence**
Loss before tax and exceptional items (Pre-IFRS16 income statement)	**(154,676)**	(125.9)	(125.9)
Exclude depreciation and amortisation	**76,388**	62.2	62.2
Less reinvestment in current properties	**(19,962)**	(16.3)	(16.3)
Exclude property gains and losses	**2,323**	1.9	1.9
Less cash tax (note 7a)	**380**	0.3	0.3
Owners' earnings	**(95,547)**	(77.8)	(77.8)

52 weeks ended 26 July 2020 - unaudited	Owners' earnings £000	Basic owners' EPS pence	Diluted owners' EPS pence
Loss before tax and exceptional items (Pre-IFRS16 income statement)	(34,095)	(32.0)	(31.4)
Exclude depreciation and amortisation	79,271	74.4	73.0
Less reinvestment in existing pubs	(32,062)	(29.5)	(30.1)
Exclude property gains and losses	641	0.6	0.6
Less cash tax	2,827	2.7	2.7
Owners' earnings	16,582	16.1	14.8

8. Earnings and free cash flow per share (continued)

Analysis of additions by type	**52 weeks ended 25 July 2021**	52 weeks ended 26 July 2020
Reinvestment in existing pubs	**19,962**	32,062
Investment in new pubs and pub extensions	**24,051**	41,047
Lease premium	**1,800**	–
Freehold reversions and investment properties	**16,858**	98,463
	62,671	171,572

Analysis of additions by category	**52 weeks ended 25 July 2021**	52 weeks ended 26 July 2020
Property, plant and equipment (note 13)	**58,139**	164,450
Intangible assets (note 12)	**4**	1,047
Investment properties (note 14)	**4,528**	6,075
	62,671	171,572

These additions tables have been inserted to reconcile the total fixed asset additions during the period to the reinvestment in existing pubs metric used in the owners' earnings calculation.

9. Cash used in/generated from operations

	Unaudited* 52 weeks ended 25 July 2021 £000	**52 weeks ended 25 July 2021 £000**	52 weeks ended 26 July 2020 £000
Loss for the period	**(170,111)**	**(181,055)**	(97,561)
Adjusted for:			
Tax (note 7)	**(12,035)**	**(13,581)**	(7,803)
Share-based charges (note 2)	**10,267**	**10,267**	10,705
Loss on disposal of property, plant and equipment (note 3)	**3,140**	**3,140**	3,771
Disposal of capitalised leases (note 3)	**–**	**(2,200)**	(1,125)
Net impairment charge (note 3)	**2,000**	**4,132**	44,023
Interest receivable (note 6)	**(188)**	**(188)**	(161)
Interest payable (note 6)	**45,702**	**45,702**	39,226
Lease interest receivable (note 6)	**–**	**(407)**	(451)
Lease interest payable (note 6)	**–**	**19,832**	21,980
Exceptional finance costs (note 6)	**12,690**	**12,690**	-
Amortisation of bank loan issue costs (note 6)	**1,746**	**1,746**	1,541
Depreciation of property, plant and equipment (note 13)	**73,193**	**73,193**	75,386
Amortisation of intangible assets (note 12)	**3,151**	**3,151**	3,806
Depreciation on investment properties (note 14)	**44**	**44**	79
Aborted properties costs	**628**	**628**	33
Cancelled principal payments	**–**	**(10,993)**	(6,127)
Amortisation of right-of-use assets	**–**	**44,532**	49,059
	(29,773)	**10,633**	136,381
Change in inventories	**(3,758)**	**(3,758)**	622
Change in receivables	**1,910**	**15,748**	(17,052)
Change in payables	**20,081**	**2,585**	(44,286)
Cash flow from operating activities	**(11,540)**	**25,208**	75,665

*This column shows the cash generated from operations as it would have been reported, before the introduction of IFRS16.

10. Analysis of change in net debt

	26 July 2020 Restated £000	Cash flows £000	Other changes £000	25 July 2021 £000
Borrowings				
Cash and cash equivalents	174,451	(129,043)	–	**45,408**
Asset-financing obligations – due before one year	(7,610)	–	–	**(7,610)**
Current net borrowings	166,841	(129,043)	–	**37,798**
Bank loans – due after one year	(870,572)	95,401	(1,700)	**(776,871)**
Asset-financing obligations – due after one year	(15,534)	6,901	–	**(8,633)**
Private placement – due after one year	(97,722)	–	(46)	**(97,768)**
Non-current net borrowings	(983,828)	102,302	(1,746)	**(883,272)**
Net debt	(816,987)	(26,741)	(1,746)	**(845,474)**
Derivatives				
Interest-rate swaps liability – due after one year	(82,194)	–	44,551	**(37,643)**
Total derivatives	(82,194)	–	44,551	**(37,643)**
Net debt after derivatives	(899,181)	(26,741)	42,805	**(883,117)**
Leases				
Lease assets – due before one year	1,736	(1,323)	1,225	**1,638**
Lease assets – due after one year	11,115	–	(1,225)	**9,890**
Lease obligations – due before one year	(65,343)	18,875	(18,751)	**(65,219)**
Lease obligations – due after one year	(507,803)	–	49,207	**(458,596)**
Net lease liabilities	(560,295)	17,552	30,456	**(512,287)**
Net debt after derivatives and lease liabilities	(1,459,476)	(9,189)	73,261	**(1,395,404)**

The cash movement on bank loans is the addition of four loans under the Coronavirus Large Business Interruption Scheme (CLBILS) which total £100,033,332; this is offset by a loan repayment of the revolving facility of £195,000,000. Both of these cash movements are disclosed in the cash flow statement as advances under CLBILS and (repayment)/advances under bank loans, respectively. This cash movement on bank loans is also made up of a cash payment of loan issue costs of £434,000, which is also disclosed in the cash flow statement.

Management considered whether to account for the CLBILS loans as government grants, as the rate of interest is lower than that achieved on other facilities. However, in the absence of a reliable estimate of a market rate of borrowing at the time, these have been accounted for within borrowings.

The cash movement on asset-financing of £6,901,000 is disclosed in the cash flow statement as asset-financing principal payments.

Lease obligations represent long term payables and lease assets represent long term receivables, and are therefore both disclosed in the table above.

The non-cash movement in bank loans and the private placement relate to the amortisation of loan issue costs.
The amortisation charge for the year of £1,746,000 is disclosed in note 6. These are arrangement fees paid in respect of new borrowings and are charged to the income statement over the expected life of the loans.

The movement in interest-rate swaps relates to the change in the ‘mark to market’ valuations for the year for swaps subject to hedge accounting.

The non-cash movement in lease liabilities is analysed in the table below.

10. Analysis of change in net debt (continued)

Non-cash movement in net lease liabilities	**25 July 2021 £000**
Recognition of new leases	**(12,162)**
Remeasurements of existing lease liabilities	**15,602**
Remeasurements of existing lease assets	**–**
Disposal of leases	**15,790**
Cancelled principal payments	**10,993**
Exchange differences	**233**
Non-cash movement in net lease liabilities	**30,456**

52 weeks ended 26 July 2020

	28 July 2019 £000	IFRS16 migration £000	Cash flows £000	Other changes £000	26 July 2020 Restated £000
Borrowings					
Cash and cash equivalents	42,950	–	131,501	–	**174,451**
Asset-financing creditor – due before one year	(3,287)	–	(13,250)	8,927	**(7,610)**
Current net borrowings	39,663	–	118,251	8,927	**166,841**
Bank loans – due after one year	(770,076)	–	(98,998)	(1,498)	**(870,572)**
Asset-financing creditor – due after one year	(6,607)	–	–	(8,927)	**(15,534)**
Private placement – due after one year	–	–	(97,679)	(43)	**(97,722)**
Non-current net borrowings	(776,683)	–	(196,677)	(10,468)	**(983,828)**
Net debt	(737,020)	–	(78,426)	(1,541)	**(816,987)**
Derivatives					
Interest-rate swaps asset – due after one year	321	–	–	(321)	**–**
Interest-rate swaps liability – due after one year	(49,393)	–	–	(32,801)	**(82,194)**
Total derivatives	(49,072)	–	–	(33,122)	**(82,194)**
Net debt after derivatives	(786,092)	–	(78,426)	(34,663)	**(899,181)**
Leases					
Lease assets – due before one year	–	1,583	(1,056)	1,209	**1,736**
Lease assets – due after one year	–	11,853	–	(738)	**11,115**
Lease obligations – due before one year	–	(61,252)	19,923	(24,014)	**(65,343)**
Lease obligations – due after one year	–	(570,052)	–	62,249	**(507,803)**
Net lease liabilities	–	(617,868)	18,867	38,706	**(560,295)**
Net debt after derivatives and lease liabilities	(786,092)	(617,868)	(59,559)	4,043	**(1,459,476)**

10. Analysis of change in net debt (continued)

52 weeks ended 26 July 2020

Non-cash movement in net lease liabilities	**26 July 2020 Restated £000**
Recognition of new leases	**(45,776)**
Remeasurements of existing leases liabilities	**(7,207)**
Remeasurements of existing leases assets	**471**
Disposal of lease	**85,115**
Cancelled principal payments	**6,127**
Exchange differences	**(24)**
Non-cash movement in net lease liabilities	**38,706**

The table below calculates a ratio between net debt, being borrowing less cash and cash equivalents, and earnings before interest, tax, and depreciation (EBITDA). The numbers in this table are all before the effect of IFRS16.

	Unaudited 52 weeks ended 25 July 2021 £000	52 weeks ended 26 July 2020 £000
Loss before tax (income statement)	**(154,676)**	(34,095)
Interest	**47,260**	40,606
Depreciation and amortisation	**76,474**	79,639
Earnings before interest, tax and depreciation (EBITDA)	**(30,942)**	86,150
Net debt / EBITDA	**-27.32**	9.48

11. Dividends paid and proposed

	52 weeks ended 25 July 2021 £000	52 weeks ended 26 July 2020 £000
Declared and during the year:		
Dividends on ordinary shares:		
– final for 2018/19: 8.0p (2017/18: 8.0p)	–	8,371
– interim for 2019/20: 0.0p (2018/19: 4.0p)	–	–
– final for 2019/20: 0.0p (2018/19: 8.0p)	–	–
	–	8,371
Proposed for approval by shareholders at the AGM:		
– final for 2020/21: 0.0p (2019/20: 0.0p)	**–**	–
	–	–
Dividend per share	**–**	8p
Dividend cover	**–**	–

Dividend cover is calculated as profit after tax and exceptional items over dividend paid. Dividend cover has not been shown for previous year and current year, as the company reported a loss in both periods.

12. Intangible assets

	Computer software and development £000	Assets under construction £000	Total £000
Cost:			
At 28 July 2019	70,217	4,429	74,646
Additions	466	581	1,047
Transfers	4,206	(4,206)	–
Disposals	(41,472)	–	(41,472)
At 26 July 2020	33,417	804	34,221
Additions	–	4	4
Transfers	804	(804)	–
Disposals	(1,474)	–	(1,474)
At 25 July 2021	**32,747**	**4**	**32,751**

Accumulated amortisation and impairment:			
At 28 July 2019	(51,576)	–	(51,576)
Provided during the period	(3,806)	–	(3,806)
Impairment loss	(10,699)	–	(10,699)
Disposals	40,755	–	40,755
At 26 July 2020	(25,326)	–	(25,326)
Provided during the period	(3,151)	–	(3,151)
Exchange differences	(1)	–	(1)
Disposals	1,085	–	1,085
At 25 July 2021	**(27,393)**	**–**	**(27,393)**

Net book amount at 25 July 2021	**5,354**	**4**	**5,358**
Net book amount at 26 July 2020	8,091	804	8,895
Net book amount at 28 July 2019	18,641	4,429	23,070

The majority of intangible assets relates to computer software and software development. Examples include the development costs of the SAP accounting and property-maintenance systems and bespoke J D Wetherspoon apps.

13. Property, plant and equipment

	Freehold and long-leasehold property £000	Short-leasehold property £000	Equipment, fixtures and fittings £000	Assets under construction £000	Total £000
Cost:					
At 28 July 2019	1,229,172	327,159	656,261	69,051	2,281,643
Additions	97,419	2,464	24,608	39,959	164,450
Transfers	11,804	1,675	9,412	(22,891)	–
Exchange differences	685	39	120	505	1,349
Disposals	(6,012)	(6,290)	(5,669)	–	(17,971)
Reclassification	30,038	(30,038)	–	–	–
At 26 July 2020	1,363,106	295,009	684,732	86,624	2,429,471
Additions	14,783	132	11,251	31,973	58,139
Transfers from investment property	5,768	–	–	–	5,768
Transfers	41,023	4,164	8,385	(53,572)	–
Exchange differences	(1,357)	(144)	(426)	(1,157)	(3,084)
Disposals	(2,623)	(4,385)	(3,631)	–	(10,639)
Reclassification	7,842	(7,842)	–	–	–
At 25 July 2021	**1,428,542**	**286,934**	**700,311**	**63,868**	**2,479,655**
Accumulated depreciation and impairment:					
At 28 July 2019	(253,825)	(176,452)	(466,395)	–	(896,672)
Provided during the period	(19,675)	(10,826)	(44,885)	–	(75,386)
Exchange differences	(47)	(77)	(162)	–	(286)
Impairment loss	(17,631)	(4,122)	(6,849)	–	(28,602)
Disposals	2,051	6,298	5,904	–	14,253
Reclassification	(18,170)	18,170	–	–	–
At 26 July 2020	(307,297)	(167,009)	(512,387)	–	(986,693)
Provided during the period	(20,281)	(10,499)	(42,413)	–	(73,193)
Transfers from investment property	(290)	–	–	–	(290)
Exchange differences	282	23	249	–	554
Impairment loss	(1,631)	(368)	–	–	(1,999)
Disposals	874	2,405	2,513	–	5,792
Reclassification	(4,090)	4,090	–	–	–
At 25 July 2021	**(332,433)**	**(171,358)**	**(552,038)**	**–**	**(1,055,829)**
Net book amount at 25 July 2021	**1,096,109**	**115,576**	**148,273**	**63,868**	**1,423,826**
Net book amount at 26 July 2020	1,055,809	128,000	172,345	86,624	1,442,778
Net book amount at 28 July 2019	975,347	150,707	189,866	69,051	1,384,971

Impairment of property, plant and equipment

In assessing whether a pub has been impaired, the book value of the pub is compared with its anticipated future cash flows and fair value. Assumptions are used about sales, costs and profit, using a pre-tax discount rate for future years of 8.7% (2020: 8%).

If the value, based on the higher of future anticipated cash flows and fair value, is lower than the book value, the difference is written off as property impairment.

As a result of this exercise, a net impairment loss of £1,999,000 (2020: £28,602,000) was charged to property losses in the income statement, as described in note 4. The assets impaired in the year had a recoverable value of £4,974,000 at year end.

14. Investment property

The company owns three (2020: three) freehold properties with existing tenants – and these assets have been classified as investment properties. During the year, the company developed one of its investment properties into a pub. The property has been transferred to property, plant and equipment. During this year, the company has purchased an additional investment property.

	£000
Cost:	
At 28 July 2019	5,767
Additions	6,075
At 26 July 2020	11,842
Additions	4,528
Transfer to property, plant and equipment	(5,768)
At 25 July 2021	**10,602**

Accumulated amortisation:	
At 28 July 2019	(236)
Provided during the period	(79)
At 26 July 2020	(315)
Provided during the period	(44)
Transfer to property, plant and equipment	290
At 25 July 2021	**(69)**

Net book amount at 25 July 2021	**10,533**
Net book amount at 26 July 2020	11,527
Net book amount at 28 July 2019	5,531

Rental income received in the period from investment properties was £397,000 (2020: £641,000).
Operating costs, excluding depreciation, incurred in relation to these properties amounted to £12,000 (2020: £38,000).

At the year end, two investment properties were independently valued at £5,400,000. The third investment property was purchased during the period and, the value at purchase price paid of £4,528,000 is deemed a reasonable fair value of this property. The total fair value of all of our investment properties at the year end is £9,928,000.

15. Going concern

The directors have made enquiries into the adequacy of the Company's financial resources, through a review of the Company's budget and medium-term financial plan, including capital expenditure plans and cash flow forecasts.

The Company has modelled a range of scenarios, with the base forecast being one in which, over the next 12 months, sales broadly recover to pre-Covid levels. More cautious scenarios have been analysed, including ones with significant reductions to revenue, these have been prepared with reference to the actual cash outflows in the previous lockdown periods.

The directors are satisfied that the Company has sufficient liquidity to withstand adjustments to the base forecast, as well as the downside scenarios. The length of the liquidity period, in relation to each outcome, depends on those actions which the Company chooses to take (eg the extent to which cash expenditure is reduced) and also on the level of government financial support (eg reduced business rates) which the Company might receive.

Material uncertainty, which may cast significant doubt over the Company's ability to continue as a going concern, has resulted from the impact of the Covid-19 virus on the economy and the hospitality industry and it is also not clear when public confidence and self-imposed social distancing measures will allow trading to return to 'normal' pre Covid levels.

The Company has agreed with its lenders to replace existing financial covenant tests with a minimum liquidity covenant for the period up to and including July 2022. There is material uncertainty, which may cast significant doubt over the Company's ability to continue as a going concern, beyond this date about whether financial covenant tests will be satisfied or whether further waivers will be agreed on by lenders. The Company will remain in regular dialogue with its lenders throughout the period.

In addition, the directors have noted the range of possible additional liquidity options available to the Company, should they be required.

As a result, the directors have satisfied themselves that the Company will continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going-concern basis in preparing its financial statements.