

Annual Report
for the 52 weeks ended 28 March 2022

The Young's difference

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THURSDAY



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COMPANIES HOUSE

The Young's difference

Young's pubs and hotels are at the heart of our local communities in London and the south of England. With more than 200 establishments, our award-winning design approach means excellence in ambience as well as service and location. From poetic pubs steeped in history to secret underground cocktail bars, the character and individuality of each of our premises gives them a unique feel. Our pubs have style and soul, and the people who work with us have pride in our culture and passion for the work they do.

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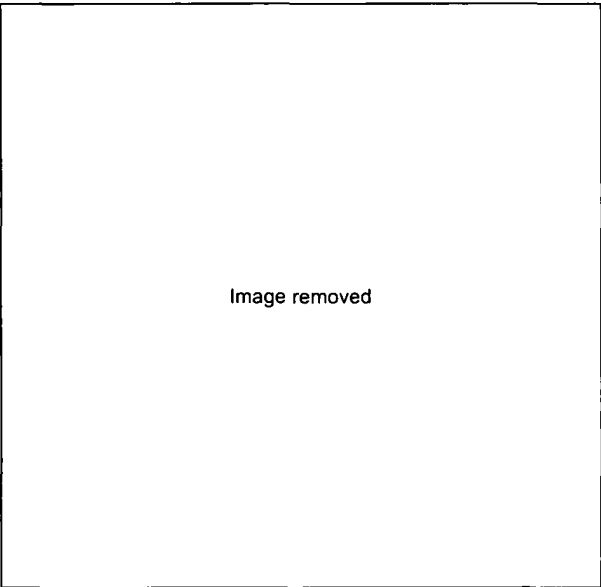
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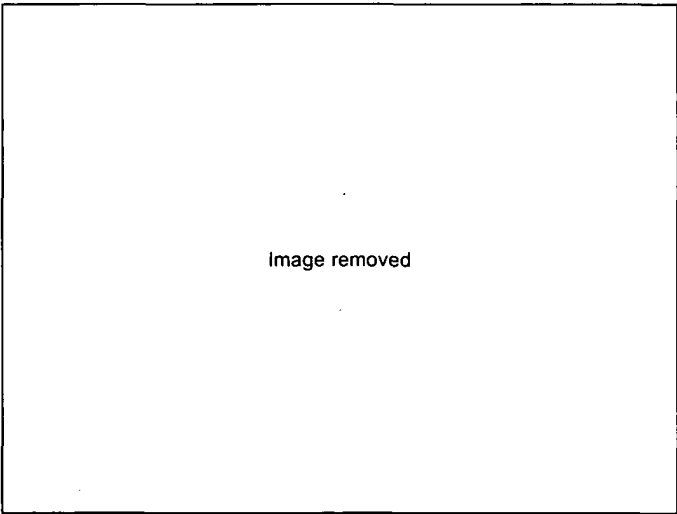
Year in review

It has been another extraordinary year that began with all pubs in our estate closed. Once open, record weeks began to tumble as customers flocked back. Despite the challenges we faced along the way, there have been many highlights, here are just a few.



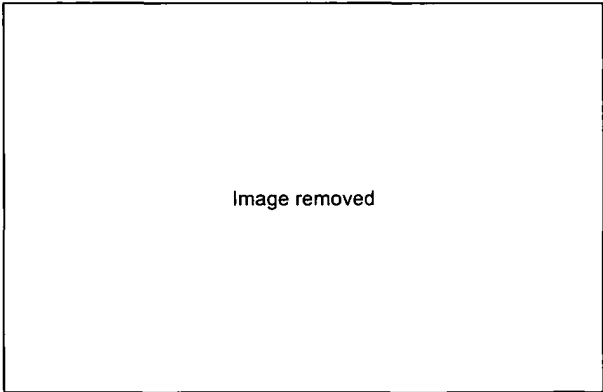
April – May

We could not wait to open our pubs two weeks into the period, even if trading restrictions limited our initial openings to 70% of our estate. From 17 May, restrictions were relaxed to allow internal trading and the remainder of our estate were up and running.



June – July

The initial delay to 'freedom day' was disappointing just when the country was riding a wave of positivity as England progressed to the final of the UEFA European Football Championships. It was not until 19 July when all remaining restrictions would drop away.



August

Our hotels saw a boost during August with many families enjoying their holidays in the UK once again. Recent investments in our hotels in Devon and Poole (pictured above) were perfectly placed to capitalise on the demand for domestic leisure travel during the school summer holidays.

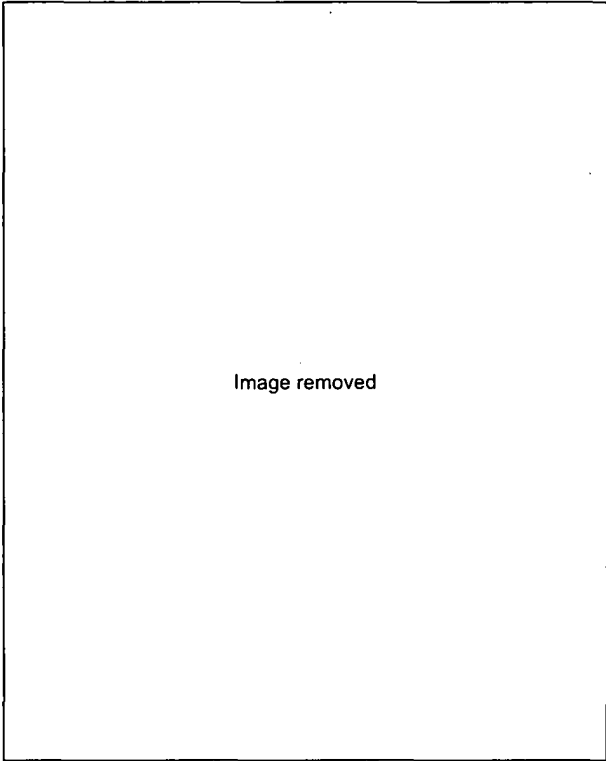


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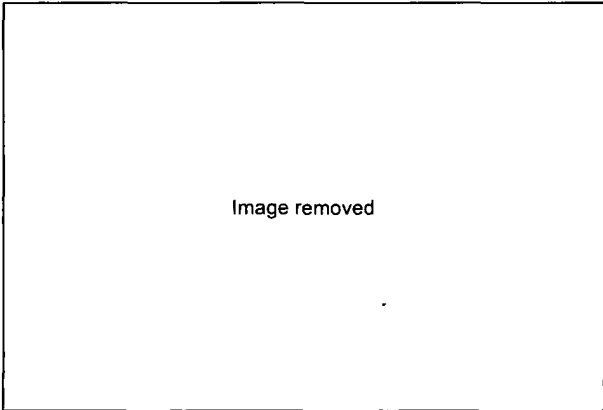


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December

Early Christmas excitement was curtailed by the rapid spread of the Omicron variant. This dealt a significant blow to everyone across the hospitality industry as people hunkered down to protect their family and planned festivities.

September

The sunshine helped us celebrate 190 years of Young's with our famous dray horses taking to the streets of Greenwich, starting at the Richard the First, then visiting the Cutty Sark, Old Brewery and ending at Enderby House on the banks of the River Thames.

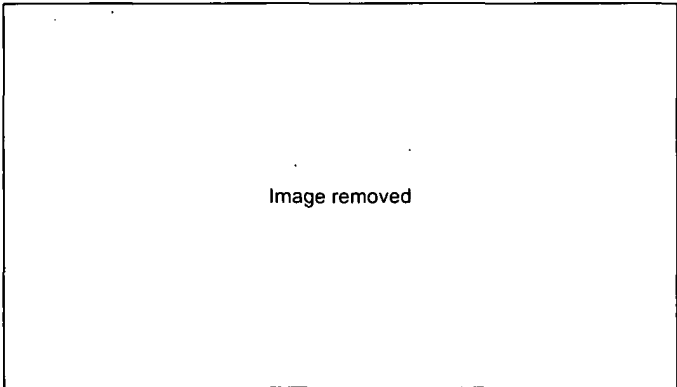


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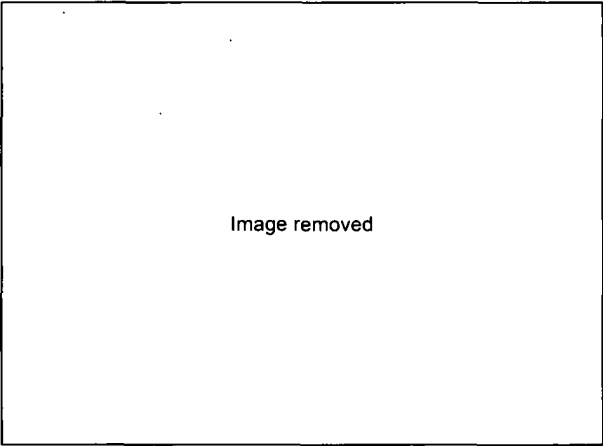


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January – March

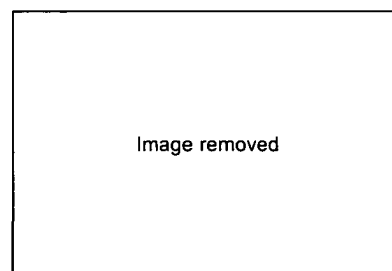
The start of the year began with our 'Veganuary' campaign as we partnered with Matt Pritchard to launch the 'Dirty Vegan' burger. February heralded the long-awaited return of the Six Nations, where Diageo helped us host special one-off events throughout the tournament. As we ended the year, the Guinea Grill (Mayfair) was crowned 7th in the Estrella Damm's top 50 Gastro pubs in the UK.

October – November

As we headed into Autumn, our fantastic external spaces once again came into their own. Trading had come back stronger and excitement had started to build ahead of the Christmas period. Our pubs in Central London and the City had also started to see improvements with more and more people returning to work in the office.

Chairman's statement

“These results are testament to the dedication, professionalism and hard work of the Young’s team across what was a disrupted trading year.”



£309.0m

Revenue

In a year that continued to be overshadowed by covid-19, I am enormously proud of Young's performance, delivering adjusted EBITDA from continuing operations of £82.5 million (2021: loss of £1.3 million). Trade was strong from day one when initial restrictions were lifted in April, and we were pleased to see all our pubs and beer gardens full again from mid-July when the final restrictions dropped away. Sadly, the Omicron variant significantly dampened demand through the key Christmas and New Year trading periods, however we finished the year strongly, delivering turnover from continuing operations of £309.0 million (2021: £88.0 million).

Our long-standing strategy of operating a differentiated, premium, and well-invested pub estate remains unaltered. This strategy was further supported by our decision during the summer to withdraw from the tenanted model and focus solely on our predominantly freehold managed pubs and hotels. Young's has been focused on steering a measured long-term course through the covid-19 crisis and the decision to sell our tenanted estate, combined with the financing decisions taken during the summer of 2020, has given us significant financial capacity to continue with our investment programme, investing £73.7 million during the year. This included the acquisition of nine new sites, most notably an extraordinary collection of six of the finest pubs and hotels in and around Cheltenham, which are an excellent addition to our pubs in the Cotswolds. Elsewhere, we continued to invest in our existing estate including several truly transformational projects, notably at the Grand Junction Arms (Harlesden), King's Head (Winchmore Hill) and the Spread Eagle (Wandsworth) – where we created 21 boutique bedrooms and transformed the pub back to its glorious former Victorian best. These investments have added an additional 114 bedrooms, taking us to 802 bedrooms by the end of the period. After a year of significant investment, the business remains conservatively financed, with net debt of £173.8 million (2021: £248.7 million), being 2.1 times adjusted EBITDA.

The board is delighted to recommend the reintroduction of a final dividend of 10.26 pence. If approved by shareholders, this will result in a total dividend for the year of 18.81 pence (2021: no dividend) and it is expected to be paid on 7 July 2022 to shareholders on the register at the close of business on 10 June 2022.

The Young's board continues to evolve and, as previously announced, Patrick Dardis will be stepping down as Chief Executive at this year's AGM on 5 July, following 20 years with Young's. He will be succeeded by Simon Dodd, who brings significant experience built over a decade working in the industry. He was recruited three years ago with succession planning in mind and has delivered substantial strategic,

£82.5m

Adjusted EBITDA from continuing operations

operational, and cultural progress since joining. We believe that Simon's excellent leadership skills, vision and operational experience will be great assets to Young's. Patrick will remain on the board to oversee the transition to Simon until he retires at the end of September. Happily, Patrick has agreed to stay on in a consultancy role until the end of March 2023. I have really enjoyed working with Patrick over the last 20 years. He has worked very effectively and with great energy and passion for the business. On behalf of the board, I would like to thank him for his huge contribution and his many successful achievements during his time at Young's. I am looking forward to working with Simon and a very talented executive team who will take Young's to the next chapter.

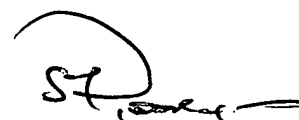
We were pleased to welcome Aisling Meany as a non-executive director on 1 September 2021. She has considerable investment banking, capital market, financial services and strategy experience. We are very much looking forward to working with her.

As a board we are passionate about building a sustainable company, which is central to driving future growth and delivering long-term value. We have a long-standing commitment to driving a positive Environmental, Social, and Governance ('ESG') agenda and the company has made progress this year to formalise its approach. We are delighted to have appointed our first sustainability manager who will be supported by the board and wider leadership team. We are equally pleased that Aisling has agreed to become the board's first designated non-executive director for ESG, supported by the company secretary.

Finally, I would also like to personally thank Patrick and his executive team of Mike, Simon, and Tracy, for their continued exemplary leadership and support throughout the pandemic, and also our shareholders for their continued loyalty during such a demanding period. The ability to retain the momentum in our business whilst maintaining the morale of the Young's team has meant that we were able to quickly open our pubs and welcome back our loyal customers. Young's remains a sound resilient business, built on a firm financial footing with a balanced, well-invested, and substantial estate of great pubs.

Stephen Goodyear
Chairman

18 May 2022

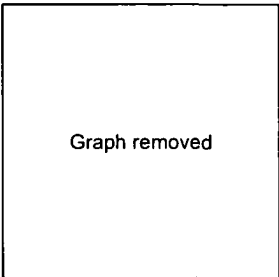


Young's at a glance

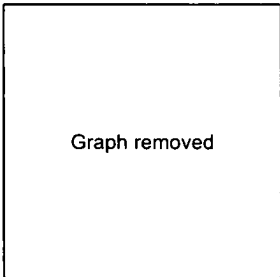
From stunning riverside terraces to flower-filled garden huts, our collection of pubs have some of the best gardens in London and the south of England. Inside, our pubs have style and soul, and the people who work with us have pride in our culture and passion for the work they do.

1831
Established

£808.0m
Valuation of our estate

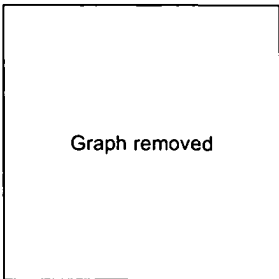


222
Pubs



* includes long leaseholds

5,275
Employees



802
Hotel rooms

1.2m
Cocktails sold

51
Burger Shacks

3.0m
App transactions

Our locations

Greater London

Map ref	No. of pubs	Map ref	No. of pubs
1. City of London	8	13. Kensington & Chelsea	9
2. Barnet	1	14. Kingston-upon-Thames	5
3. Brent	1	15. Lambeth	10
4. Bromley	2	16. Lewisham	2
5. Camden	11	17. Merton	6
6. Ealing	4	18. Newham	1
7. Enfield	1	19. Richmond	14
8. Greenwich	8	20. Southwark	7
9. Hackney	3	21. Sutton	3
10. Hammersmith & Fulham	10	22. Tower Hamlets	6
11. Hounslow	1	23. Wandsworth	28
12. Islington	10	24. Westminster	14

South East

Map ref	No. of pubs
25. Cambridgeshire	1
26. East Sussex	1
27. Hertfordshire	3
28. Kent	1
29. Surrey	20
30. West Sussex	2

South West

Map ref	No. of pubs
31. Berkshire	3
32. Devon	6
33. Dorset	2
34. Gloucestershire	13
35. Hampshire	1
36. Oxfordshire	3
37. Wiltshire	1

Greater London

165

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South West

29

South East

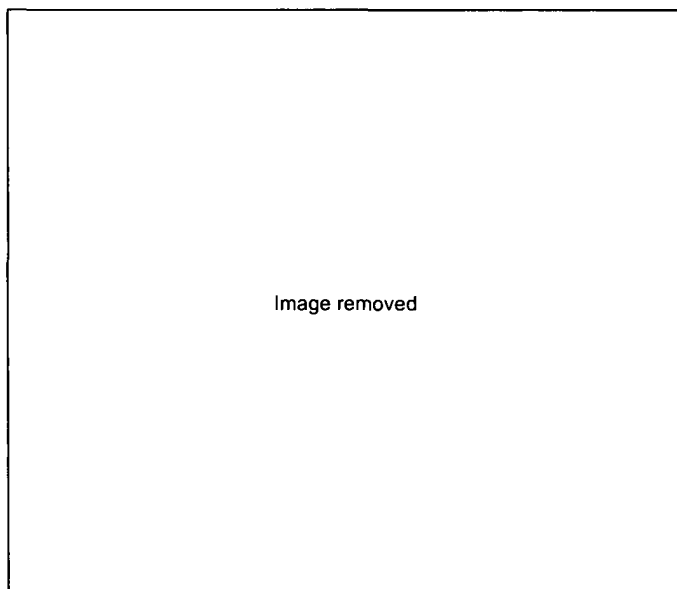
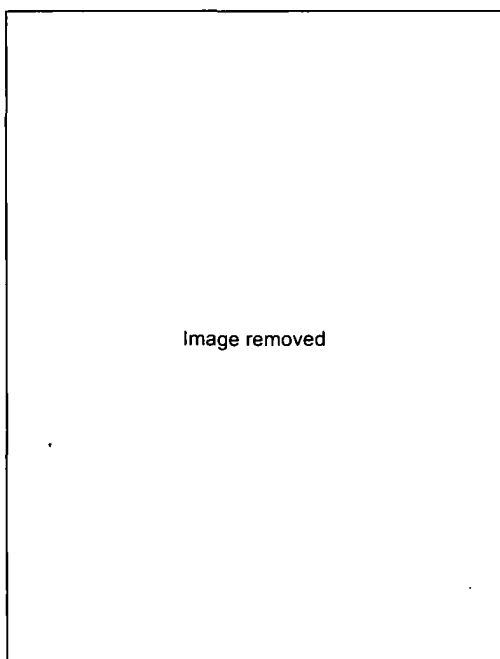
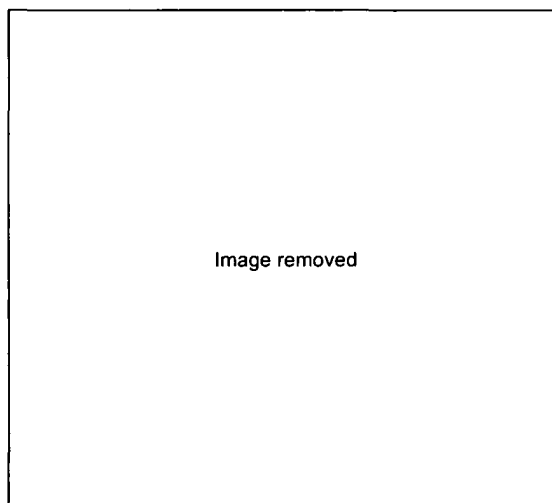
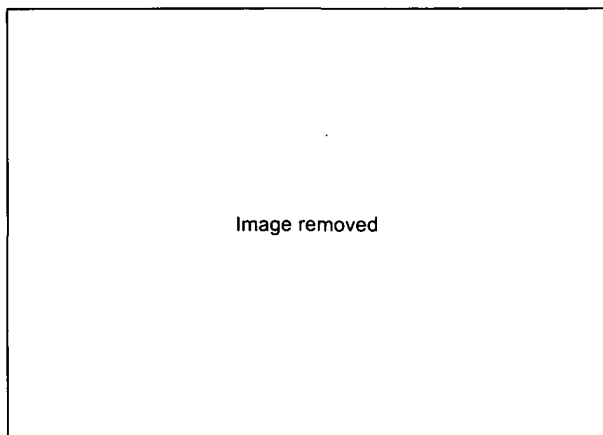
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Investing in our estate

Investing in our world-class pubs and hotels remains key to the success and long-term growth of our business. During the period we invested £24.7m in our existing managed estate, restoring iconic favourites and adding new boutique bedrooms.

Chequers, Walton-on-the-Hill (below and right)

The complete transformation of this traditional country pub in the picturesque village now boasts beautiful interiors with open fires, wood panelled dining rooms, a traditional snug bar, and a bright and elegant garden room. Complete with 6 new bespoke lodges that overlook the best pub garden in Surrey, this popular dining destination is perfect for casual catch-ups, spontaneous visits, and planned celebrations.

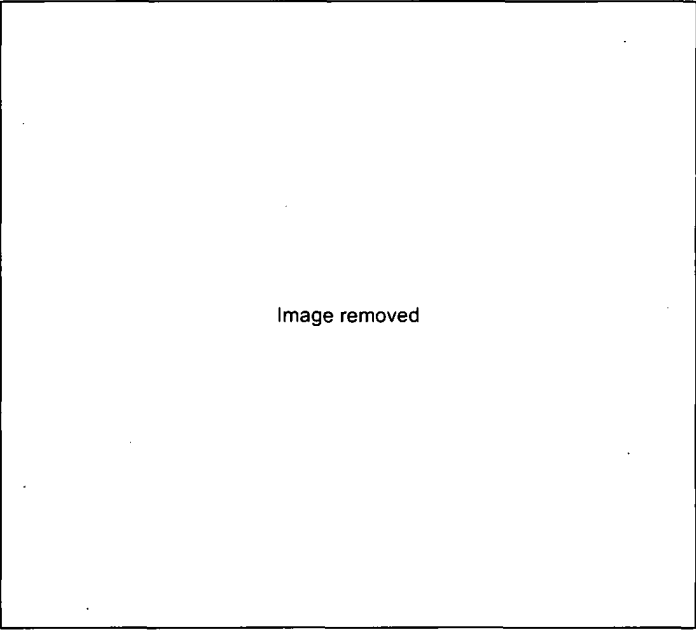
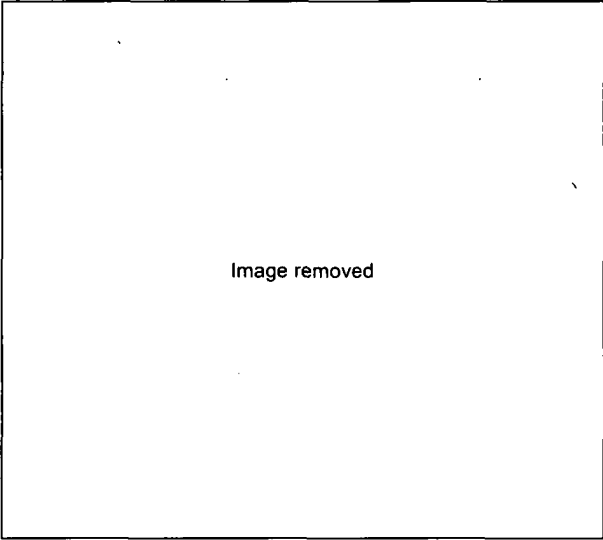


King's Head, Winchmore Hill (above and left)

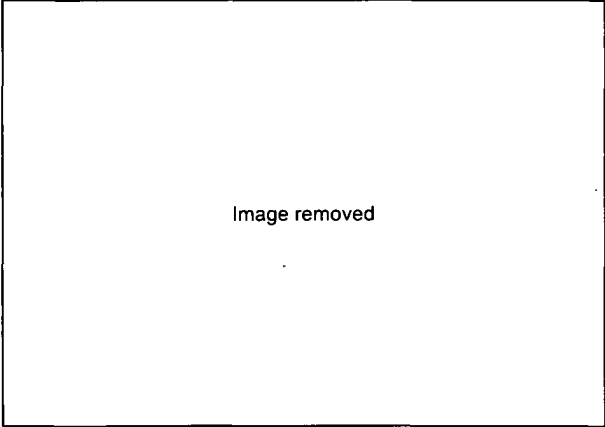
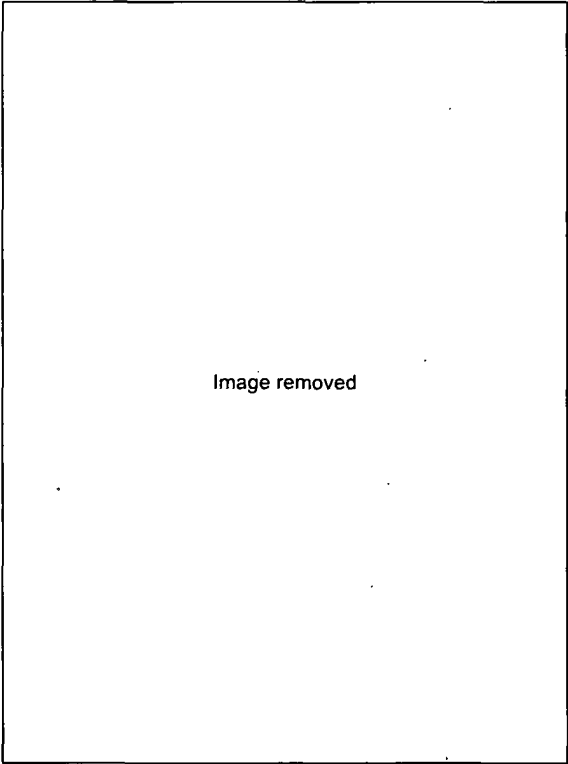
This jewel in North London has had its regal beauty restored both inside and out. An elegant overhaul of the interior space included significant work on the Green Room, an event space spanning the entire top floor, with its own bar and facilities, perfect for weddings and other celebrations. Outside, our large beer garden with increased covers is now home to private huts and a fire pit fit for a King!

Grand Junction Arms, Harlesden (below)

This old tenancy site perched on the Grand Union Canal has an outstanding outdoor space that includes a spacious beer garden and balcony. After significant investment, the pub is now complete with seven garden lodges, our famous Burger Shack offering and a retractable roof for all seasons of the year. Inside is a majestic Victorian pub finished to the highest modern standards.

Image removedImage removed**Richard the First, Greenwich** (above)

After purchasing the old Greenwich Union pub next door to our beloved Richard the First, we took the opportunity to realise the site's potential and create one epic pub in the heart of Greenwich. Keeping the traditional theme throughout, we now have a larger garden, cosy snug seating and a lovely bar area.

Image removedImage removed**Spread Eagle, Wandsworth** (above and right)

Following its transfer from our tenanted division, this Grade II listed Victorian pub has been sensitively restored to celebrate its past. Stylish etched glass, reclaimed wooden floorboards, heritage colours and brass fittings all combine to create an outstanding traditional British pub complete with 21 boutique bedrooms in the heart of Wandsworth.

Our business model

Our business model captures how we are a resilient business that delivers value for all of our stakeholders in a sustainable, long-term way.



What we do

We manage, acquire and invest in premium, differentiated pubs and hotels in prime locations in London and the south of England.

Freehold estate

We run a predominantly freehold estate that gives us greater control and opportunities within our business and enables us to negotiate better terms with lenders, whilst allowing us to also benefit from increases in property values.

Premium pubs

We operate differentiated, premium, mostly drink-led managed pubs in London and the south of England. Our locations are mainly in areas that have a high proportion of affluent and discerning customers.



How we do it

Our competitive advantages enable us to deliver sustainable growth and provide the agility needed in the face of unforeseen challenges.

People

- Depth of knowledge and expertise
- Strong customer relationships
- Reliable partners
- Unique culture

Revenue mix

- Our revenue mix is 61.5% drink, 34.5% food and 4.0% accommodation

Diversified estate

- Freehold-rich estate
- Prime locations often within walking distances of public transport links

Buying power

- Buying power of our managed estate to source the best products at the best prices

Our Values

Authentic

We've been around since 1831 and see our heritage as the foundation of our success. We're proud of where we've come from but have our sights set firmly on the future.

Assured

We're not humble but we are also not show offs. We do things well, with an understanding that in life, you get what you pay for.



The value we deliver

Our business creates value for our stakeholders and economic value in the regions where we operate.

Employees

- Creating rewarding careers for our employees

Investors

- Sustainable financial returns for our shareholders

Customers

- High quality service across our pubs and hotels

Suppliers

- Building long-standing relationships with our suppliers

Society

- Contributing to our local communities



Sustainable growth

We create long-term sustainable growth through strategic investments in our estate, our people and our communities, delivering value for all of our stakeholders. At Young's, we go beyond thinking about profit – we are making investments that not only build up the bottom line, but also build up society.

Community

We are the centre of the community, essential and well-loved by our patrons, as essential and well-loved as they are by us. We believe in local community celebration.

Convivial

Premium yet personal hospitality. Friendly, lively good humour.

Individual

From the late-night city bolt holes to the sprawling neighbourhood centrepieces, from ancient, oak-beamed village inns to underground cocktail bars, our pubs are as individual as the customers who frequent them every day.

Chief executive's review

£51.7m

Operating profit*

£107.0m

Net cash generated

“With this, my final year as Chief Executive, I am delighted to announce a strong set of results that reflect a return to normalised profitability with unrestricted trading.”

Image removed

* from continuing operations

In a period where our pubs remained closed for the first two weeks, followed by varying restrictions until 'freedom day' in July, we found ourselves navigating challenges at nearly every turn. Despite the storms, floods and tube strikes, or the unwelcome arrival of the Omicron variant which hampered our Christmas trading, our total revenue was up by 251.1% to £309.0 million (2021: £88.0 million), with managed house sales ahead of the two-year comparative by 2.9%. Total group adjusted operating profit from continuing operations was £51.4 million (2021: adjusted operating loss from continuing operations of £33.2 million), with operating profit from continuing operations of £51.7 million (2021: operating loss from continuing operations of £34.5 million).

I would like to thank the teams across the business who have worked so hard to deliver these great results in another year of extraordinary circumstances. It has been a huge privilege to lead the group for the past six years, culminating in a year when Young's celebrated its 190th birthday. I owe enormous thanks to all my colleagues for their support, contribution and dedication that has made Young's the business it is today.

During the period we were able to move on from measures introduced to steer us through the covid-19 pandemic. In May 2021, we began by repaying the £30.0 million borrowed under the Bank of England's Covid Corporate Financing Facility and then didn't need to extend the £20.0 million bilateral revolving credit facility with NatWest that matured in November. This marked an important step away from temporary finance support measures.

The sale of most of the tenanted estate to Punch Pubs & Co for £53.0 million was a defining moment in our strategy to focus on operating predominantly freehold, individual, differentiated and premium managed pubs and pubs with rooms. The sale left us with seven tenanted pubs, three of which we have now sold. One of the remaining pubs, the Grand Junction Arms (Harlesden), now operates as a managed pub following a major investment. This significant strategic move gave us cash to further strengthen our balance sheet and extra capacity both to invest in our existing estate and capitalise on attractive acquisition opportunities that present themselves.

After a quiet period on the acquisition front last year, we made some exciting investments. The most significant of these was the acquisition of six pub and hotel assets from the Lucky Onion group in Cheltenham and the Cotswolds during February 2022. These predominantly freehold premium pubs and hotels perfectly complement our existing businesses in the area. We also completed on three other single site acquisitions: the Bull (Ditchling, Sussex), Pheasant (Lambourn, Berkshire) and White Horse (Hascombe, Surrey).

With our focus on returning to normalised trade there was a reluctance to close pubs for major projects. However, maintaining a premium and well-invested pub estate through continued investment is fundamental to our success, and we spent £30.4 million on our existing business and new head office. It has been a long-term strategic opportunity to maximise the potential of certain assets within our tenanted estate, and two standout examples were at the Grand Junction Arms (Harlesden) and Ship Inn (East Grinstead) following their transfer to our managed operation.

In line with our strategic objective to increase further our freehold mix, we have been busy this year building our new head office, Copper House, on the same site as the refurbished Spread Eagle hotel, back in the heart of Wandsworth. It is great to return to our spiritual home, directly opposite our old brewery site where the story began in 1831.

Young's is a company with a long heritage, and we are committed to building a business which nurtures and develops our people, respects the environment, and makes a lasting and positive contribution to the communities we operate in. We recognise that operating sustainably is fundamental to delivering long-term value for all our stakeholders and for the future success of Young's. Within our annual report, we have included our first sustainability report, detailing the many things we have achieved so far and the steps we are taking to embrace a more structured approach to sustainability going forward.

It's been a great start to the new financial year, for the last 13 weeks revenue was up 17.0% versus pre-pandemic levels of 2019 and up 38.5% for the last 5 weeks against 2021. Our well invested gardens were perfectly primed to maximise on the welcome sunshine for the Easter bank holiday, with some record takes. We look forward to the extended Jubilee weekend where we expect to break even more records.

Young's is well placed to manage the impact of the current inflationary environment on our cost base, with the ability to flex our menus, our utilities hedged until March 2024 and having recently renegotiated a large proportion of our drinks contracts. However we are mindful of the potential impact that this inflationary environment could have on consumer sentiment and ultimately consumer spending.

In April, we launched our exciting new beer range including a number of first-to-market products demonstrating that Young's continues to be at the forefront of product innovation. Our investment programme continues at pace, with the transformational scheme at the Phoenix in Victoria due to complete later this month. Also in May, we completed the freehold purchase of the Bedford Arms hotel in Buckinghamshire, extending the Young's business into another new territory.

Having announced my intention to step down as Chief Executive after six years in the role I am pleased to hand over the reins to my successor, Simon Dodd, and the rest of the executive team, at the coming AGM in July. Simon was recruited three years ago with succession planning in mind, his excellent leadership skills, vision and operational experience will be great assets to Young's. It's been 20 wonderful years at Young's and I am leaving behind a fantastic business in a strong financial position ready for the next chapter. I am confident in Young's proven strategy to deliver profitable returns for our shareholders.



Patrick Dardis
Chief Executive

18 May 2022

The Young's difference

The Spread Eagle is less a transformation, and more a reincarnation of everything we love about the Great British pub.

To step inside the Spread Eagle is to immerse oneself in the quintessential sights, ambiance and outstanding hospitality of a proper Young's pub.

Gleaning inspiration from her history, *this classic Victorian pub and hotel stands proudly in the very heart of Wandsworth and is reminiscent of the 18th century public*

houses of her past. A haven for foodies, the menu includes pub classics which are joyfully redolent of British dishes served in days gone by.

Grade II listed and sensitively restored, the Spread Eagle houses 21 beautiful boutique bedrooms and showcases nostalgic, traditional features.

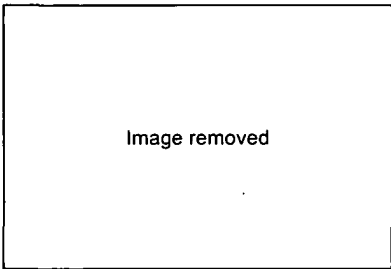


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Our strategy

Delivering growth through our three strategic priorities

Investing in our estate

We look to grow through a combination of investing in our existing pub estate, opportunity-led acquisitions and our people. Each year, on average, we reinvest about two-thirds of the cash we generate.

Our progress in 2022

- Our long-term strategy to maximise the potential within our tenanted estate through transfers to our managed division was epitomised by the investments at the Grand Junction Arms, Ship Inn and Spread Eagle.
- Further projects at the King's Head, Chequers and Richard the First were all designed to offer a more premium trading environment all year round.

Our priorities for 2023

- Our project at the Phoenix in Victoria remains onsite and is due to complete by the end of May.
- We remain committed to identifying opportunities to maximise the potential within our existing estate whilst ensuring that we maintain our premium standard in all pubs.

£30.4m

Invested in our estate

11 12

Hand-picked acquisitions

We invest in hand-picked acquisitions, based in locations where we feel our style of operation will thrive, as well as benefitting the surrounding area. All acquisitions have to pass our strict internal investment criteria.

Our progress in 2022

- The exciting purchase of six pubs and hotels from the Lucky Onion group expanded our presence in the Cotswolds, whilst adding 73 hotel rooms to the estate.
- We acquired a further three premium pubs, the Bull, Pheasant and the White Horse, and purchased the freehold interest in the Lamb.

Our priorities for 2023

- Actions taken during the pandemic alongside the sale of the majority of our tenanted estate, puts us in a strong position to capitalise on opportunities that present themselves.
- In April we completed the purchase of the Bedford Arms, a freehold hotel in Buckinghamshire, a new Young's territory.

£43.3m

Acquisition investment

11 12

Investing in our people

We believe in investing in our people and nurturing our own talent, so they are able to continue to grow our businesses by surprising and delighting our customers.

Our progress in 2022

- The Ram App was launched, delivered by our e-learning platform, and is designed to help internal networking, communication, training and health support.
- Fulfilled our strategy to recruit from within the business, successfully filling 75% of general manager positions with internal candidates.

Our priorities for 2023

- We will launch our fully interactive digital career pathway in April 2022 to all teams and team members regardless of their role.
- Having successfully launched the Ram Agency in 2022, our aim is to have over 300 team members registered with the agency by the end of the year.

25

Current apprentices

10 12 13

The circled numbers refer to *Principal risks and uncertainties* on pages 40 to 43.

Key Performance Indicators

We measure the development, performance and position of our business against a number of key performance indicators. The reference to an 'adjusted' item means that the item has been adjusted to exclude non-underlying items. These alternative performance measures have been provided to help investors assess the group's underlying performance.

Revenue £m*

This is our group revenue, including both our managed and tenanted business.

Graph removed

Like-for-like revenue %

This is our revenue movement for this period compared with the previous period for our managed pubs and hotels that traded throughout both periods.

* Current year has been compared to 2020

Graph removed

RevPAR £

This is our revenue per available hotel bedroom; it is the average room rate achieved multiplied by the occupancy percentage.

Graph removed

Adjusted EBITDA £m*

This is our earnings before interest, taxes, depreciation and amortisation adjusted to exclude any exceptional items for the group. (See notes 11 and 12).

Graph removed

Adjusted profit/(loss) before tax £m*

This is our profit/(loss) before tax from continuing operations only, adjusted to exclude any exceptional items for the group. (See notes 11 and 12).

Graph removed

Adjusted earnings/(loss) per share (p)*

This is our adjusted profit/(loss) after tax, divided by the weighted average number of ordinary shares in issue. (See notes 12 and 17).

Graph removed

Gearing %

This is our net debt divided by our net assets (expressed as a percentage).

Graph removed

Interest cover (times)*

This is our adjusted operating profit divided by our finance costs.

Graph removed

Recycling (tonnes)

This is the amount of waste we recycle and divert from landfill.

Graph removed

* Results for 2022 are for continuing operations. 2021 comparatives have been restated but 2020 figures are as reported at that time and have not been restated.

The Young's difference

Our menus are as varied as our venues, serving delicious seasonal food that is sourced with a focus on British provenance.

Our food is simple, with a focus placed on the quality of the ingredients and the execution of the cooking technique and craft.

Our chefs take great pride in producing consistent, best in class, British, seasonal pub food that goes above and beyond in delighting our guests.

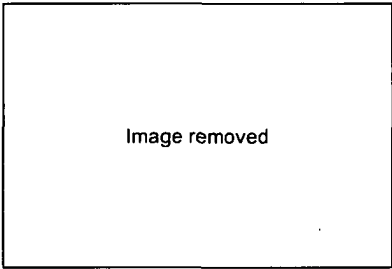


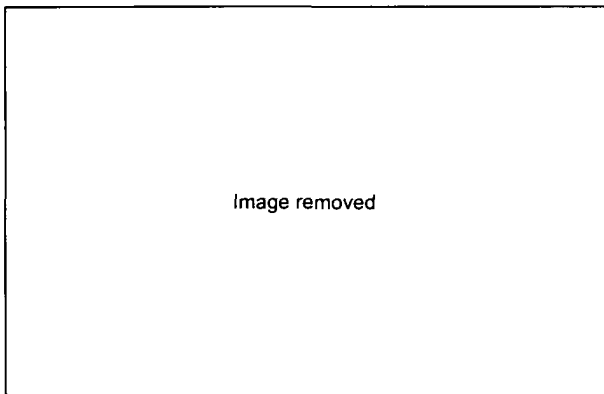
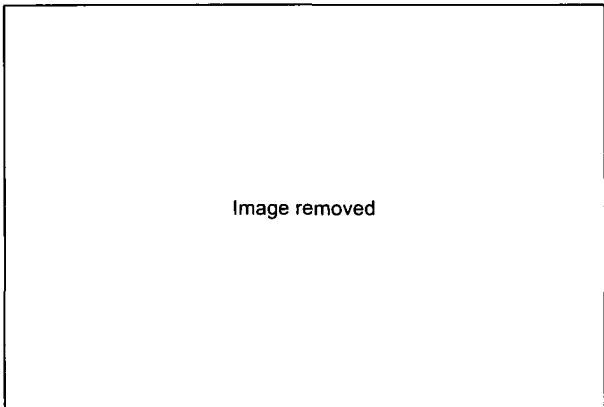
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Our latest acquisitions

Following a quiet period last year on the acquisition front, it has been extremely positive to add a number of exciting pubs and hotels to our growing managed estate. In total, we invested £36.8 million with the purchase of six assets from the Lucky Onion group alongside three other single assets.

Bull, Ditchling (below and right)

This historical building dates back to the 16th century and sits proudly in the heart of this East Sussex village. With panoramic views of the Sussex Downs and rustic charm by the bucket load, the Bull is the epitome of a country inn. Featuring six bedrooms, the Bull is ideal for a countryside escape from the city.

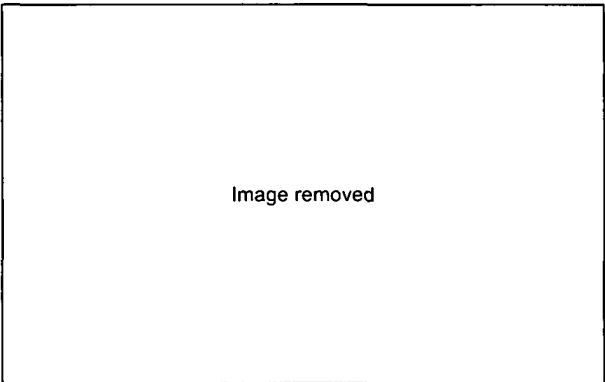
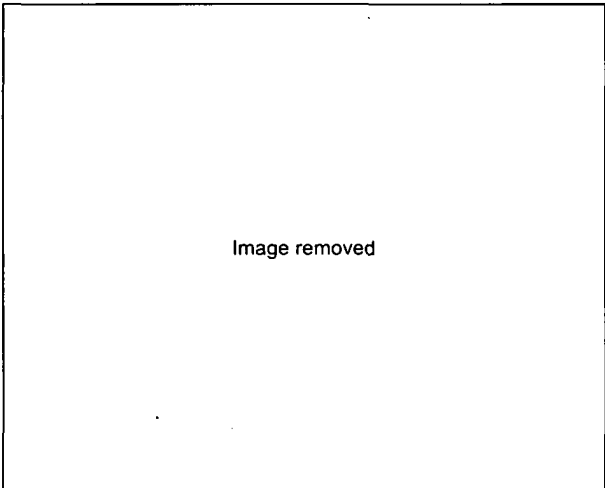


White Horse, Hascombe (above)

An attractive, award-winning 16th century pub located in a small village nestled amongst the Surrey Hills, an area of outstanding natural beauty. The terrace and beer garden are havens of tranquility – a perfect spot to enjoy the sunset with the fantastic views across the fields.

Pheasant, Lambourn (below)

Bordering the village of Shefford Woodlands and overlooking Berkshire's famed Valley of the Racehorse, this beautiful country inn has a hospitality pedigree that stretches back 450 years. The 14 bedrooms are perfect for exploring local sights such as Highclere castle and the North Wessex Downs.

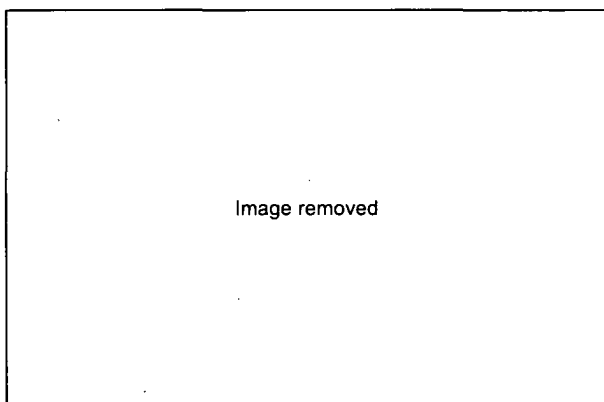
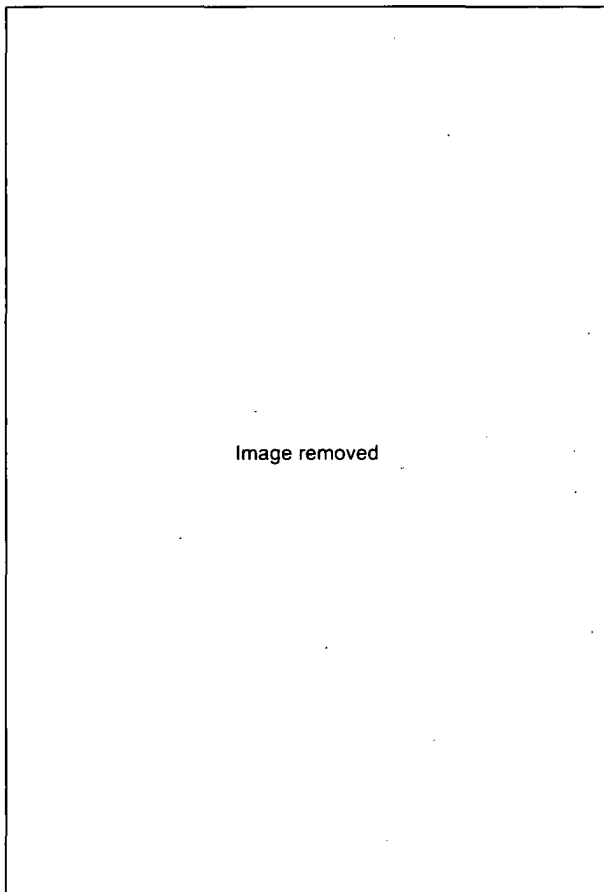


Tavern, Cheltenham (above)

This smart community pub, located in central Cheltenham, is renowned for its lively atmosphere and live music, making it the perfect place to meet, eat and drink.

George Hotel, Cheltenham (below)

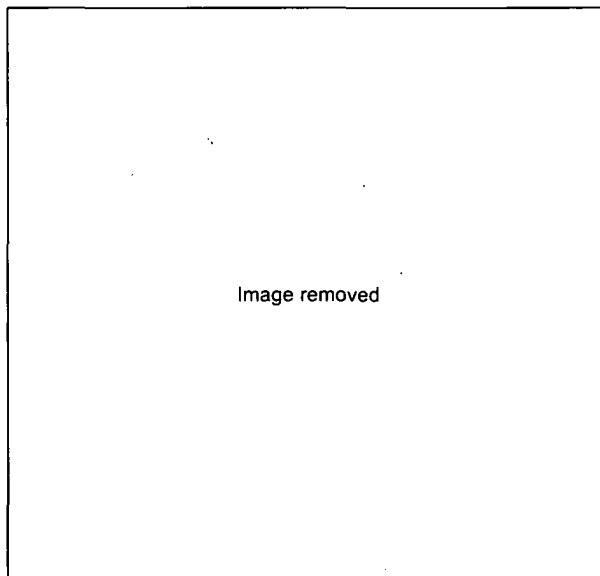
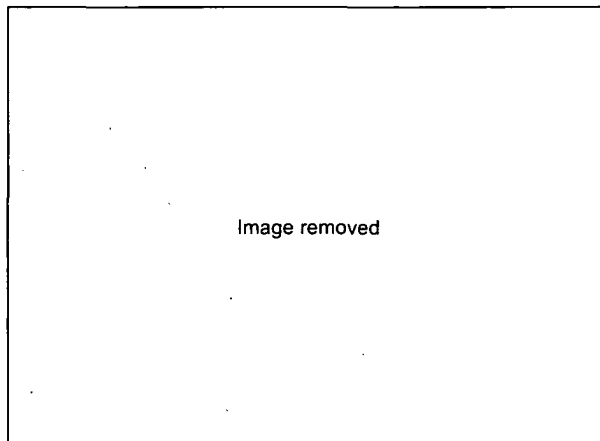
This 46 bedroom hotel in central Cheltenham is perfect whether visiting the Cotswolds on business or planning a romantic getaway. Its collection of boutique rooms cater for every budget, offering something for everyone.

**No. 38 The Park, Cheltenham** (above)

One of the best places for a weekend break in the Cotswolds, this beautiful Georgian townhouse is nestled in a leafy corner of Pittville, and just a stone's throw from Cheltenham Racecourse.

Crown, Minchinhampton (below)

Located just off the market square, this local favourite dates back some 300 years to 1715. The building was used for public meetings for many years before becoming a beer house.

**Wheatsheaf, Northleach** (above)

This historic 17th century coaching inn has 14 bedrooms with a combination of contemporary touches alongside classic features. With roaring fires, beautiful gardens, and a private dining room, this Cotswolds gem is famous for its simple, rustic food made from local ingredients that showcase the best of the British countryside.

How we have engaged with our stakeholders

The following describes how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when acting in the way they considered, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In line with guidance issued by the Financial Reporting Council, this statement concentrates on matters that are of strategic importance to the company. Where appropriate and to avoid duplication, the statement cross-refers to other sections within the annual report.

Principal stakeholder groups

The directors regard those listed below as the company's principal stakeholder groups.

Set out in relation to each group is:

- Why the directors believed it was important to engage with that group (the **Why?**)
- The main methods used by the directors to engage with that group and to understand the issues that concerned that group (the **How?**)
- Information on the effect on the company's decisions and strategies during the period as a result of issues raised by that group (the **Outcomes and actions**)

Graph removed

Section 172(1) statement

○ Customers

Why?

The company's biggest source of revenue is from customers in the group's managed houses (99.6% of total company revenue), with drink sales being 61.4% of managed house revenue, food being 34.5%, provision of accommodation being 4.0% and room hire being 0.1%. Lower revenue could lead to lower profits. A consumer's decision to spend their money can be affected by a broad range of matters, all set against a background of consumer choice of where to go and what to do. See also principal risk/uncertainty 3 on page 41.

How?

See the *Engagement with suppliers, customers and others in a business relationship with the company* section within the directors' report, starting on page 78.

Outcomes and actions

See the *Engagement with suppliers, customers and others in a business relationship with the company* section within the directors' report, starting on page 78.

○ Our people

Why?

The commitment, skills and experience of the people employed throughout the organisation (whether they are in the company's pubs and hotels or at Copper House) are integral to the company's long-term success; amongst other things, all of them have a part to play in helping to continue to grow, and/or support, the company's business and in demonstrating the company's values on a daily basis. They are our most prized asset and staff retention is therefore crucial. Consequently, it is important that the company is an employer of choice; provides an environment in which people are happy to work, supports the physical and mental wellbeing of its staff, and gives individuals the opportunity to develop. See also principal risk/uncertainty 10 on page 42.

How?

See the *Employee engagement* section within the directors' report, starting on page 77.

Outcomes and actions

See the *Employee engagement* section within the directors' report, starting on page 77. *Our people* section of the sustainability report starting on page 26 and *Furloughing of staff* below.

○ Suppliers

Why?

The business relies, in the main, on a small number of suppliers to provide the company's pubs and hotels with food and drink. The range, availability and quality of the products sourced is fundamental to the company's reputation. To remain as a provider of a market-leading, competitive premium offering that new and existing customers would want to enjoy, it is important that the company partners with the right suppliers, and has good, strong and mutually beneficial business relationships with them. 80% of the company's spend is with 8% of its suppliers. See also principal risk/uncertainties 4 and 8 on pages 41 and 42.

How?

See the *Engagement with suppliers, customers and others in a business relationship with the company* section within the directors' report, starting on page 78.

Outcomes and actions

See the *Engagement with suppliers, customers and others in a business relationship with the company* section within the directors' report, starting on page 78 and *Re-tendering of our beer and spirits supply agreements* below.

○ Investors

Why?

Continued access to capital is of vital importance to the long-term success of the company's business. Via its engagement activities, the company strives to obtain investor buy-in to the company's strategy of how to grow the business and the company's business model setting out how value is created. The aim is to promote an investor base interested in a long-term holding in the company. See also principal risk/uncertainty 7 on page 41.

How?

See the *Shareholder relations* section within the corporate governance report, starting on page 65, for information on the company's main methods of engagement with investors.

Outcomes and actions

The company's investors remained supportive of the company's strategy and business model.

○ Lenders

Why?

Lenders are an additional important source of capital. As it does with its investors, the company looks to get buy-in from its lenders to the company's strategy and business model. The intention is to develop supportive, long-term relationships. See also principal risk/uncertainty 7 on page 41.

How?

The chief financial officer regularly spoke with the company's banks and noteholders. Further, as required under the terms of the company's loan facilities, they received quarterly covenant compliance certificates.

Outcomes and actions

The company's lenders remained supportive of the company's strategy and business model. Following the return to more normalised trading conditions, discussions between them and the company returned to focusing on the company's material activities (including acquisitions and disposals – particularly of its 56 tenancies) and any appetite to increase borrowings. Further discussion took place on the general trading environment due to the covid-19 pandemic. Particular discussion took place with Natwest on the covid-19 related £20 million RCF facility (which was never drawn), with this facility not being extended past its first 6 month extension date and maturing at the of November 2021.

How we have engaged with our stakeholders

Section 172(1) statement continued

○ Trustees of the final salary pension scheme

Why?

The company operates a defined benefit pension scheme covering benefits payable to various current and former employees; the scheme was closed to new entrants in February 2003. The scheme is a key company financial commitment as it needs to be funded to meet agreed benefit payments and regulatory pension funding requirements. The scheme's trustee is Young's Pension Trustees Limited, a corporate trustee. The company recognises that the trustee and the company each has a vital role to play in the proper running of the scheme and that regular, clear and open communication and, where necessary, consultation is important in helping maintain a good working relationship between the company and the trustee. The company is party to all scheme deeds, undertaking responsibilities under the scheme's trust deed and rules together with pension legislation and regulation, as required. See also principal risk/uncertainty 6 on page 41.

How?

During the period, the chief financial officer worked closely with the trustee. The chief financial officer attended meetings with the trustee and delivered presentations on the company's business, thus keeping the trustee informed of the company's financial position and of any plans that would change or impact upon the employer covenant supporting the scheme. In addition, the chief financial officer was invited to join scheme investment discussions. The chairman of the trustee is a director of the company and gave presentations to the company's board on various aspects of the scheme.

Outcomes and actions

Discussions primarily focussed on funding, investment and employer covenant considerations, ensuring an integrated approach to risk management. Strategic scheme initiatives, such as the approach to liability management and minimising volatility, were discussed; these saw the trustee continuing with a carefully designed strategy to manage liabilities and underlying scheme risk, all against the background of the scheme's continuing maturity. The company was consulted on the schemes intended liability-driven investment ('LDI') strategy and approved a revised statement of investment principles (reflecting the LDI changes and various technical changes, required by the regulator, to statements of investment principles from 1 October 2021), which led to an updated statement being signed, and it was regularly updated on scheme funding, membership changes and other key details. Other legislative developments, such as the action to be taken as a result of the need for GMP equalisation, were progressed. The 2020 triennial actuarial valuation was signed off ahead of the statutory deadline (to provide greater certainty for the company, trustee and members on funding and security in the uncertain times caused by the pandemic). The trustees requested a discretionary increase for the year starting 1 April 2022. Overall, as a result of the company's engagement and the proactive appropriate stewardship of the trustee, stable contributions continued to be paid to the scheme (as has been the case for many years) and the company benefited from funding savings resulting from liability management initiatives.

Principal decisions

For the purposes of this statement, the directors regard their principal decisions as not only those that are material to the group, but also those that are significant to any of the company's principal stakeholder groups. Set out below are the principal decisions made by the directors during the period; implicit in making these was the desirability to maintain a reputation for high standards of business conduct and the need to act fairly as between members of the company.

Consequences of the pandemic

In addition to what is set out in this statement, the strategic report (on pages 1 to 50) and the *Employee engagement* section within the directors' report, starting on page 77, provide further detail on various decisions and actions taken by the company in light of the pandemic.

Approval of capital and revenue budget for FY2022/23

The capital and revenue budget for FY2022/23 was approved by the board in March. In doing this, whilst the board were confident business would return to normal with the removal of covid-19 restrictions in line with the government's plans to live with and manage the virus, they acknowledged that there was still a degree of uncertainty. With the expectation that business will return to 'normal', the board believed that the company's premium offering would remain attractive to existing customers and act as a draw to new ones, the company's business model would allow the company to continue to invest in its people and pay them appropriately, and that capital would continue to be available to enable selected hand-picked complementary acquisitions to be made. The company's plans, underpinning the budget, are demanding but will position the company well against its longer-term value creation vision whilst honouring its commitments to its stakeholders.

Roger Lambert's retirement as an independent non-executive director; Aisling Meany's appointment as an independent non-executive director and the announcement that Patrick Dardis would be stepping down as chief executive and that he would be succeeded by Simon Dodd

In July, Roger Lambert retired as a director of the company and in September, Aisling Meany joined the board as an independent non-executive director. In March, the company announced that Patrick Dardis would be stepping down as chief executive following the company's 2022 AGM and that he would be succeeded by Simon Dodd, the company's chief operating officer. Patrick will retire from the board at the end of September 2022. He will remain available to the company for the remainder of his notice period through to the end of March 2023. Further, inherent in all of these decisions was the balance between executive and non-executive directors, the importance of having at least three independent non-executive directors on the board, and the board having an appropriate number of members (with the right experience, knowledge, standards, skills, personal qualities and capabilities) for the company, its reputation and long-term strategy.

Furloughing of staff

The company chose to access the Coronavirus Job Retention Scheme during the first half of the year with a view to keeping as many members of staff employed until restrictions fell away and the company's estate fully re-opened.

Re-tendering of our beer and spirits supply agreements

The company re-tendered its beer and spirits supply agreements during the period. The new arrangements run from 1 April 2022 until the end of March 2024.

Interim dividend and final dividend in respect of FY2021/22

Paying dividends remains an important priority for the board: it helps demonstrate the company's continuing ability to create and deliver long-term value for its shareholders. Although the company suspended dividend payments during the pandemic due to, amongst other things, the extensive period of closure of the company's pubs and the lower levels of trade when they reopened. The board always intended to resume dividend payments as soon as it was appropriate. In November, the board announced that it would pay an interim dividend in December 2021. The payment was in line with an agreement with NatWest and its noteholders that any dividend payments during the company's financial year that started on 30 March 2021 would not exceed £5 million in aggregate. There is no restriction on the company recommending a final dividend with its results for that year, and the company will recommend the payment of a final dividend to shareholders for the financial year ended 28 March 2022 at the company's 2022 AGM.

Sale of 56 tenanted pubs

In July 2021, the company announced the sale of most of its tenanted estate, which would allow the company to further focus on operating well-invested, premium managed pubs and hotels. In all, 56 tenanted pubs were sold to Punch Pubs & Co ("Punch") for a total cash consideration of £53.0 million. The proceeds from the sale strengthened the company's balance sheet and will ensure that it has sufficient funds to invest further in its current estate and capitalise on any attractive acquisition opportunities. As the pubs were tenancies the disposals had no impact on any of the company's work colleagues except for three employees, one of which was redeployed within the business and two who chose to transfer their employment to Punch.

Acquisitions of new managed houses

During the period the company acquired the following freehold pubs and hotels as part of the group's managed house estate: the Pheasant (Lambourn), White Horse (Hascombe) and the Bull (Ditchling). The company also acquired six pubs and hotels from the Lucky Onion group during the period: five of which were freeholds – the Wheatsheaf (Northleach), No. 38 The Park (Cheltenham), George Hotel (Cheltenham), Tavern (Cheltenham), and the Crown (Minchinhampton), and one leasehold – the Hollow Bottom (Guiting Power). During the period we also acquired the freehold interest in the Lamb (Bloomsbury). Details of the consideration paid and the associated costs are set out in note 15 starting on page 113. The acquisitions were made to support the company's value creation acquisition strategy: right opportunities in existing or exciting new locations where the board believes the company's premium offering will flourish. The purchases were financed from the company's cash reserves.

Property disposals of the Lord Wargrave (Marylebone), the Grove House (Camberwell) and the Prince William Henry (Blackfriars)

During the period, the company agreed to sell the Lord Wargrave (Marylebone) and the Grove House (Camberwell) and agreed an early exit from its lease at the Prince William Henry (Blackfriars). These were tenancies and the disposals had no impact on any of the company's work colleagues. The challenges facing these pubs meant that their sustainability was in question; as such, in each case a sale was considered the appropriate approach and consistent with the company's strategy. Together, the pubs were sold for £2.4 million above their net book value – see note 11 on page 111.

Sustainability report

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“As a board we want to drive growth and deliver long-term value for all our stakeholders. We have a responsibility to do the right thing and a long tradition of implementing carbon saving initiatives throughout the business.”

Patrick Dardis
Chief Executive

This is the company's first sustainability report and it details the many things we have achieved so far and the steps we are taking to embrace a more structured approach to sustainability going forward. We have appointed our first sustainability manager and we are equally pleased that Aisling Meany has agreed to become the board's first designated non-executive director for ESG, supported by our company secretary. The board fully supports our evolving sustainability strategy and we look forward to updating you on our progress going forward.

Our net zero approach

The company is a founding member of the Zero Carbon Forum, a collective of hospitality businesses which has created a 'Roadmap for Hospitality to Net Zero' ahead of the UK Government's commitment of 2050. The company has aligned itself with the industry's roadmap which requires that, as a collective, we are committed to achieving net zero for our 'Scope 1' and 'Scope 2' emissions (our direct company emissions) by 2030 and net zero for our 'Scope 3' emissions (our supply chain emissions) by 2040. The roadmap is being driven by the Zero Carbon Forum and is designed to provide the hospitality sector with guidance on the steps we can take to decarbonise our business and implement a net zero strategy. We have engaged Savills Earth to advise and support us as we develop our implementation plans and further information is available in the *Our environment* section of this report.

Our approach to sustainability

Young's is a company with a long heritage, and we are committed to building a business which nurtures and develops our people, respects the environment, and makes a lasting and positive contribution to the communities we operate in. The company has taken steps this year to formalise its approach so that in the short-term we will develop our decarbonisation pathway, plan our investments and set measurable targets so that the company can demonstrate the progress that is being made. We will continue to work with the Zero Carbon Forum and its members to share best practice, insights and thought leadership to drive progress.

We have adopted a clear governance framework in which the board has oversight of our strategy, and the executive committee considers and implements operational initiatives and monitors their progress. The sustainability manager's role is to provide leadership and ensure that we are taking a coordinated approach to sustainability throughout the business. As our sustainability programme develops, we will be taking steps to put targets in place, backed up with ongoing monitoring and reporting systems to track our progress.

We are excited by the opportunities but the challenges we face are complex. To realise our opportunities and address the challenges, our sustainability programme focuses on three core areas:

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Our people

- We focus on the wellbeing of our colleagues with comprehensive financial and mental health support.
- Engage and empower our teams with regular communication and commitment to their career pathway.
- We foster diversity and inclusion through our approach to appointments and training.

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Our environment

- Aim to reduce, reuse and recycle our waste in the most sustainable way possible.
- Implement new emissions saving technologies across our estate.
- Work closely throughout our supply chain to improve the environmental impact of our produce, from farm to fork.

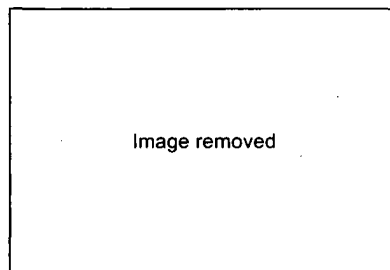
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Our communities

- Play a positive role in our communities and give back where possible.
- Celebrate the best of British and champion local suppliers throughout our menus.
- We do our utmost to support our suppliers and be fair commercial partners.

The Young's difference

Our people



Our people are at the heart of everything we do, we strive to develop them and provide well-rounded hospitality careers. By offering the chance to build skills and earn qualifications, we empower our people to reach their career goals. We champion diversity and inclusion, and we have a well-established team member wellbeing programme.

Training and development

The company's 'career pathway' is used to engage, inspire, and develop our teams. Beginning at team member level the career pathway offers a broad range of development opportunities for our front of house teams, through to general manager level and then on to operations manager. We also have a comprehensive programme for our kitchen teams, and we are proud that our kitchen assistants have the opportunity to develop into our head chefs of the future.

Historically, the career pathway has been completed in paper workbooks within the pubs, but after undergoing a comprehensive project to streamline our training during the period, the company will be launching the digital career pathway in May 2022. It will be available to all teams throughout the business and it will be fully interactive and flexible across job roles. It will also mean we are completely paperless, which is a huge cost saving to the business and follows our sustainability strategy. The career pathway will be delivered digitally via the 'The Ram App' or a desktop version which can be accessed through an internet browser.

We expect the benefits of the digital career pathway to increase engagement, team development and retention. Making the career pathway digital also means that we have management information at our fingertips, helping us to identify key talent for succession planning.

There is also training and development courses available to general managers and their support teams and the company also offers apprenticeships at Commis Chef Level 2 and Hospitality Supervisor Level 3.

Internal succession

We aim to promote internal succession above external recruitment and support our teams in achieving this objective. The company's 'Y' factor sessions are run by operations managers for all our new starters. It is an inspirational day to finish off their induction into Young's where we share our heritage, culture and company values.

Starting with our career pathway, internal succession within Young's remains one of our key strengths. Offering our teams a career, not just a job, means we are able to retain talent within the business, many of whom go on to run our pubs and kitchens. In the last year 75% of our general managers were internal appointments. Many have been promoted from deputy manager level or are general managers moving to a more challenging pub. This also extends to our kitchen team where 35% of our head chefs were internal appointments from sous chef level or head chefs progressing to another pub.

As a result of our career pathway, the company has many examples of staff who have progressed through our programmes and are now in leadership roles within the business and we have included some case studies in this report.

Realising and developing potential

Emma Dickinson, Head of Customer Marketing

In 2008 Emma joined the company on a part-time basis, working evenings and weekends at The Ship, in Wandsworth. The general manager quickly realised Emma's potential and she was appointed as the pub's first sales and marketing coordinator, launching The Ship's popular social media channels. In 2011, she was invited to join the marketing team as a marketing and events manager, responsible for establishing a team of sales and marketing coordinators. She then joined the company's Career Development Programme in 2015 and since then she has gone from strength to strength, and in 2019 she was appointed head of sales, and in 2021 she became head of customer marketing, developing inspirational campaigns which support the company's operational business plan goals.

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Supporting employees to realise their career goals

Anthony Murray, Management Accountant

Anthony started his career with Young's in 2013 as a team member at the Fentiman Arms. After making the most of his opportunities to develop, he moved through the ranks as supervisor, then assistant manager before being appointed deputy manager. He then joined the Management Academy, and consolidated his experience over the next 18 months. In 2017 he was appointed as a general manager. After reflecting on his strengths, he decided to seek an opportunity within the finance function of Young's with the goal of becoming a chartered accountant. The company sponsored his training for the ACCA qualification and after two years of study he qualified at the end of 2021 and moved into a new role as a management accountant in early 2022.

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Our people continued

5,275

Employees

(2021: 4,185)

Employee involvement

The importance of good communication with our teams is fundamental to the continued success of the company. We take great care to ensure that all employees are kept well informed of developments within the business throughout the year. The company continued to evolve and enhance its engagement with employees which included the use of Zoom, social media and the launch of a monthly digital company magazine.

Social media played a key part in ensuring employees were up to date with developments through periods of closure. During these periods, the 'Keeping in Touch at Young's' Facebook page was used to provide updates on general arrangements, address queries from employees and to publish video messages from our chief executive. The Facebook group encouraged engagement and interaction across all levels of the workforce and across all locations.

Once the pubs and hotels re-opened, employees were encouraged to use The Ram App, delivered by the company's e-learning platform, to access the 'Discover' and 'Keeping in Touch' pages, the latter replaced the 'Keeping in Touch at Young's' Facebook page when it was deactivated. The company relaunched 'The Ram Pages' during the year as a monthly digital magazine which has proved very popular with our teams. It features team contributions and updates, new acquisitions, pub re-developments, recipe inspirations and much, much more.

We also engage with our employees and their representatives through the company's information and consultation committee. This committee works to enhance communications within the company, supplying information and giving opportunity for feedback and consultation. It improves employee awareness and involvement and supports ongoing improvements within the business. Please see page 77 of the Directors' Report for further details of the workings of the information and consultation committee.

Employee health and wellbeing

The health and wellbeing of our employees is vitally important to us. We aim to create safe and healthy working environments where employees can thrive and continue working with us. Our well established wellness projects cover physical, mental and financial wellbeing.

The pandemic has led to an even greater focus on mental health and wellbeing. We have worked hard to build an in-house team of mental health first aiders and mental health first aid champions who support their colleagues across the business. We launched the 'How are You?' page on the Ram App which

75%

Of our general manager vacancies were filled internally

(2021: 86%)

provides a variety of content to help with mental and physical health as well as fun activities for employees to do outside of their working day.

We also work with The Burnt Chef Project, which was setup in 2019 with the sole intention of eradicating mental health stigma within the hospitality industry. We offer a range of their resources via the 'How are You?' page on the Ram App, such as the Going Home Checklist, Wellness Action Plan and The Burnt Chef Journal Podcast. These resources help raise the profile of mental health within the company and provide tools to enable employees to monitor their mental state and help managers improve their employee conversations.

We offer counselling for those in need of someone to talk to. This includes fully funded, confidential, one-to-one counselling sessions with a qualified professional. Our employees also have access to a 24/7 free confidential telephone counselling service. By using alternative mechanisms such as FaceTime and WhatsApp chat, this support was available throughout the year.

Structured training and development

Matteo Perra, Divisional Executive Chef

Matteo started his career at Young's as a kitchen porter in 2012. It was not long before the chef team realised his potential and they trained him to run a section of the kitchen in busy times. In less than four years, after participating in the company's structured chef training programme he was appointed as head chef. Becoming part of the food team became Matteo's next goal and after completing the Hospitality Supervisor Level 3 programme, he was promoted to divisional executive chef. He now has responsibility for a division, helping and supporting heads chefs develop their menus.

Image removed

800

Shifts filled by The Ram Agency

(March 2022)

The company continued to partner with Salary Finance to offer free support and advice to employees to help them live healthier, happier lives through the current and future financial decisions they make. Working with Salary Finance, we run a financial support programme aimed at helping our staff get out of any financial difficulties they may find themselves in, by offering affordable loans which give staff access to their salary as it is earned. During the period, over 250 employees sought their help and advice, and several employees took advantage of the loan and debt support they provide.

We continued to provide information about a range of topics, including the support available to employees from the Licensed Trade Charity, who provided financial grants of more than £1,400 to our team members during the period.

Flexible working – The Ram Agency

There is a growing desire for flexible working and achieving a work-life balance. In order to cater for this, we launched our own internal recruitment platform in August 2021, which aims to give registered employees the power to pick their own working hours. They can view shifts online and build their own rota to suit their lifestyles. Shifts are available daily across our estate of 222 managed pubs and prospective staff can apply online. The platform has given us access to a new pool of people: students, actors, travellers, parents and many more who would be unable to commit to permanent employment.

We are proud of the agency's success. Over 130 employees are registered, split evenly between our front and back of house teams, and over 800 shifts were filled by the agency in March 2022. Our aim is to have over 300 employees registered with the agency by the end of FY23.

5.3%

Median Gender Pay Gap

(National Average: 15.4%)

Diversity and inclusion

It remains our commitment to ensure that every team member is treated with fairness, dignity and respect and has access to the same rewards and opportunities. This supports and underpins our sustainability commitment to our teams. Diversity and inclusivity influence our policies and culture at all levels throughout Young's; we are fully aware that everything we achieve as a business we achieve through the dedication and efforts of our teams.

We are focused on the recruitment and development of the best talent and we do not discriminate based on gender, race, ethnic origin, disability, sexual orientation, religion or belief, marital status or age. We employ the best person for the job, developing our talent internally to promote from within.

The importance of diversity is acknowledged in making any appointment as well as employees' subsequent training, career development and promotion. The board believes that all appointments should be merit-based against the selection criteria created for each role.

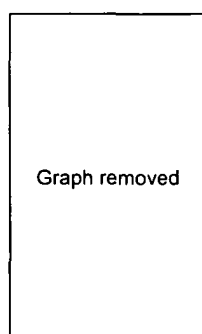
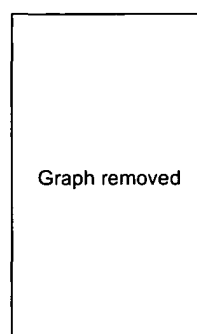
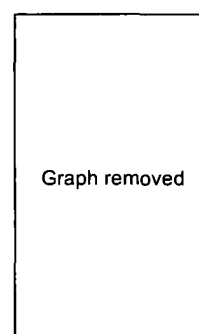
Gender pay gap

The company's mean gender pay gap is 13.4% and median gender pay gap is 5.3%, which remains substantially better than the national average median gender pay gap of 15.4% (National Office of Statistics' Annual Survey of Hours and Earnings 2021). As we look to the future, it remains our commitment to ensure that every team member is treated with fairness, dignity and respect and has access to the same rewards and opportunities. This supports and underpins our sustainability commitment to our teams. The group's full gender pay gap report is available on our website.

Gender diversity

The advancement of women in the workplace remains vital to Young's ongoing success and we want to ensure that women have access to every opportunity in order to progress to top roles.

The board has started the process to recruit a further female independent non-executive director, which will increase female board representation to 30% by the end of FY23.

Board (%)**Leadership team (%)****All employees (%)**

The Young's difference Our environment

We are delighted that our new head office 'Copper House' in the heart of Wandsworth has been built to BREEAM excellence standards.

This demonstrates that the new development has maximised the potential for improvement in energy efficiency to its existing building areas and has also exceeded compliance within the new build elements. The BREEAM excellent rating is achieved by only the top 10% of new non-domestic buildings in the UK.

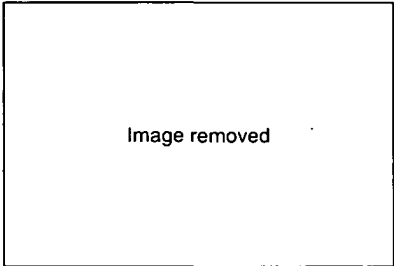


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We are passionate about reducing our emissions and we have a long tradition of introducing carbon saving initiatives throughout our estate. However, we understand that we need to adopt a more structured approach, so that we are in a position to set targets that can be accurately measured and assured. This will enable our stakeholders to monitor our progress and have confidence in our performance.

Although we have achieved a lot in recent years, the results are difficult to measure, and we have taken steps that will enable us to strengthen our governance framework to support our sustainability strategy as it evolves.

Net zero carbon pathway

The development of a net zero carbon pathway is a significant task and we want to do it properly. We have realised that before we set targets, we need to know more about our properties so that we can identify the actions that need to be taken, plan our approach and phase our investments. As a result, we have engaged Savills Earth to advise and support us on this journey and we have agreed the following phased approach:

Phase one: to review our baseline carbon assessment and benchmark carbon emissions for each property to sense check results.

Phase two: 'Our Net Zero Carbon Pathway Development': this involves grouping our properties into categories based on building age, condition, servicing and heritage status. From that we will develop net zero implementation plans for each category and set out a timeline of interventions. This will enable us to establish an overall pathway to net zero for our properties.

Phase three: the final phase is the setting up of ongoing monitoring and reporting. We appreciate that net zero reporting and frameworks require regular verification and disclosure so that the company can demonstrate progress against its carbon reduction targets.

We have just completed phase one of the project and we expect phase three to be well progressed by the end of FY23.

Sustainability frameworks

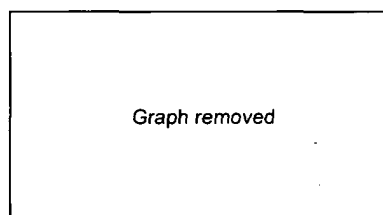
We will review the various sustainability frameworks as we work through phase three of the above project so that we can identify the frameworks that are most relevant to our business. We will also assess our alignment with the UN Sustainability Development Goals.

The challenges we face

- The cost – the required investment will need to be phased and we are conscious that some technology is not yet fit for commercial use. We will work with suppliers, collaborate with our peers and monitor the development of the relevant technologies, run trials where appropriate and adopt in line with our investment cycle, as the costs reduce, and the stability of the technology improves.
- Statutory building restrictions – listed building status and conservation areas represent a significant challenge, bearing in mind that 40% of our pubs have listed status. We will work with Savills Earth, our suppliers and statutory authorities to identify potential solutions to these challenges.
- Availability of energy resources – we continue to work with energy suppliers to identify infrastructure improvements which will help us move to sustainable forms of energy, this includes new on-site electrical substations where the site layout allows for this addition.
- Remote pub locations – they can provide significant challenges for carbon reduction. We are working with energy suppliers to try and upgrade the infrastructure into these properties where the supply is capable of being moved to a carbon efficient model.

Our performance so far

Total net emissions (tCO₂e)

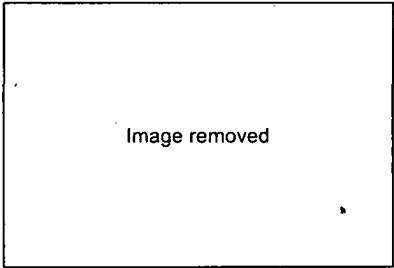


Please see page 35 for more details.

This year, as part of our sustainable journey, we now source 100% of our power renewably from our group energy contract. Green electricity is dual reported in line with SECR requirements. We have also established FY2019/20 as a base year.

The Young’s difference

The sustainable Young’s pub



The illustration above provides an overview of the key features that have been incorporated or are being rolled out to our existing estate and represent the 2022 edition of the sustainable Young’s pub.

100%

Electricity from renewable sources through our group energy contract

(from 1 April 2021)

Our vision is to have an estate of sustainable pubs and hotels and we are working to identify a pub within our estate which will be our flagship 'sustainable pub'. This pub will be a test bed for sustainability initiatives and will be used to trial the latest ideas and develop new initiatives which can then be adopted throughout our whole estate. We will update you on our progress each year in this report as our sustainable pub evolves and the company embraces new ways of working, technology and the latest thinking.

① Buildings energy management system ('BEMS')

We are partnered with Forest Rock, a UK based software company which has developed solutions for the internet of things, to launch a BEMS platform called 'MyBuildings.Live'. This platform will give us valuable insight into the performance of our buildings and assets. By monitoring and controlling those assets we aim to reduce energy consumption and improve operational costs. Currently we have 14 BEMS sites online, with a further 60 planned for FY23.

② Renewable energy

From 1 April 2021, 100% of our electrical supply began to flow from renewable sources from our group energy contract, powered entirely by hydro and wind energy. Our supply is backed by renewable electricity guarantees of origin and independently verified by EcoAct, a Carbon Disclosure Project accredited provider. This has reduced our carbon emissions, see page 31.

③ Recycling and waste

We have implemented comprehensive recycling arrangements throughout our estate. 99% of pubs have glass recycling and 94% have a dry mix recycling scheme. For many years we have been partnering with Olleco, on a successful initiative to recycle used cooking oil to produce biodiesel. In total 334,325 litres were collected during FY22.

The food waste collected from our pubs is sent to anaerobic digestion plants where it is used to produce biogas for combined heat and power units providing renewable power and heat. What's leftover in this process is used as a biofertilizer by farmers. Our non-recyclable waste is sent to refuse-derived fuel plants where it is sorted, shredded and turned into fuel pellets for use as a fossil fuel substitute in kilns, steel furnaces and cement and lime plants.

334,325 litres

Cooking oil recycled for biodiesel

(2021: 112,783 litres)

④ LED lighting

Since 2018 the company has been committed to installing LED lamps throughout our existing pub estate and new developments. Year-on-year we continue to rollout our LED replacement programme to ensure our estate is fully LED compliant, mitigating lamp failures and retaining our own high standards. At the end of the period over 95% of our estate had LED lighting installed.

⑤ Cellar management

We continue to invest and upgrade our cellars. The company's cellar energy management programme incorporates the installation of 'Eco Flo' to beer dispense units which enables us to control cellar cooling. The reduced energy consumption is estimated to save around £160 per year, per cooler and there are typically two or three coolers per site. At the period end, 41 pubs had Eco Flo installed.

⑥ Waterless urinals

We will continue to invest in waterless urinals which we incorporate into all major capital expenditure investments. There are currently 68 sites with waterless urinals with a further 37 planned for FY23. It is estimated that this programme already provides water savings of 37,950m³ per annum.

The Young's difference

Decarbonising our company car fleet

In 2020 we introduced a policy of only allowing replacement orders for hybrid or electric cars to be placed. At that time over 59% of the fleet comprised petrol or diesel vehicles. By the end of the period 82% of cars were hybrid or electric. Replacement orders have been placed for the remaining 18% but due to supply chain issues delivery can currently take up to 18 months.

2020

2022

82%

Graph removed

41%

Our environment continued

What's next:

The net zero carbon pathway project, it is the overarching environmental workstream for FY23. This project will enable us to validate our roadmap, plan and phase our investments and define measurable short-, medium- and long-term targets that can be validated.

We will also implement a number of other key initiatives during FY23, including:

The overnight initiative

Working in partnership with the Zero Carbon Forum, the company will launch the 'Save While You Sleep' campaign in May 2022. This initiative aims to tackle operational teams' behaviour and raise awareness of energy savings opportunities simply by switching off non-essential equipment, such as bar fridges, overnight. We estimate that this could save over 3% of our operational carbon emissions, as well as helping us to reduce our energy costs.

Sustainability champions

Every pub will have a designated sustainability champion who will promote new initiatives and raise the profile of sustainability throughout our estate. Our new sustainability manager will use this network to share ideas and communicate new initiatives.

Electronic vehicle ('EV') chargers

We are currently trialling EV chargers in three of our pubs and a rollout programme is being planned for FY23.

Responsible refurbishments

We will work with our consultants, building contractors and key suppliers to scope and develop a sustainable refurbishment policy which will incorporate a minimum level of sustainability into every refurbishment. This will involve, amongst other things, a review of material sourcing, construction methods and the equipment and furnishing supply chain. This policy will evolve over time and the minimum level of sustainability will rise as more and more sustainable practices are incorporated into the company's investments as we work to achieve our net zero targets.

Patio heaters

All new patio heaters provided to our gardens will be electric and incorporate timers or controlled sensors. We have implemented a programme to replace all existing gas heaters with electric heaters, as far as reasonably practicable, by the end of FY23.

Recycling and waste

We will build on the great work achieved to date and work to raise the profile of recycling and waste management throughout the business. We will start a project to identify short and medium-term targets for recycling and waste that can be appropriately measured and validated.

Zero Carbon Forum

As one of the founding members of the Zero Carbon Forum we will continue to actively engage and participate, helping to shape the hospitality industries approach to sustainability.

Produce

We offer best in class seasonal British food and drink. Our menus are crafted using the finest ingredients, 90% of which are sourced in the UK. We are passionate about seasonal food and we change our menus quarterly so that they include the latest seasonal ingredients. During the period we began a food supply chain optimisation project, with our key supplier 'Menu Partners', which has led to a number of benefits:

- we have implemented efficiency measures and reduced our costs.
- the number of deliveries to our pubs has reduced by over 86%, from circa 5,601 deliveries per week to 783. We estimate this to be equivalent to more than 400 tonnes of carbon reduction per year.
- there has been a reduction in the amount of packaging waste at site level and deliveries are now paperless.
- we will continue to work in partnership with our suppliers in order to achieve our target of a carbon neutral food supply chain by 2040.

Our environmental targets

Short-term targets		Medium- and long-term targets	
2024	2024	2030	2040
Petrol and diesel cars will be eliminated from the car fleet by the end of FY24.	All unnecessary single-use plastics will be eliminated from our front of house operations by the end of FY24.	The company has aligned itself with the Zero Carbon Forum's roadmap for the industry which requires that, as a collective, we are committed to achieving net zero for our 'Scope 1' and 'Scope 2' emissions (our direct company emissions) by 2030 and net zero for our 'Scope 3' emissions (our supply chain emissions) by 2040.	

Greenhouse gas emissions, energy consumption and energy efficiency action

In this section of this report:

- “DEFRA” means the Department for Environment, Food and Rural Affairs;
- “kWh” means kilowatt hours; and
- “tCO₂e” means tonnes of carbon dioxide equivalent.

	2022	2021	2020
Revenue in £ million	309.0	90.6	311.6
No. of managed houses at the year-end	219	120	207
The annual quantity of emissions in tCO ₂ e resulting from activities for which the group was responsible involving (i) the combustion of gas or (ii) the consumption of fuel for the purposes of transport	8,430	6,323	8,247
The annual quantity of emissions in tCO ₂ e resulting from the purchase of electricity by the group for its own use, including for the purposes of transport	8,234	2,107	8,727
The annual quantity of energy consumed in kWh from activities for which the group was responsible involving (i) the combustion of gas or (ii) the consumption of fuel for the purposes of transport, together with the annual quantity of energy consumed in kWh resulting from the purchase of electricity by the group for its own use, including for the purposes of transport	80,403,035	43,132,027	78,613,804
Total Gross Emissions (tCO ₂ e)	16,664	8,430	16,974
The group's annual emissions: ratio of tCO ₂ e (gross) per £ million of revenue	53.93:1	93.05:1	54.47:1
Carbon offsets procured via Green Electricity Tariff	(7,946)	–	–
Total Net Emissions (tCO ₂ e)	8,718	8,430	16,974
The group's annual emissions: ratio of tCO ₂ e (net) per £ million of revenue	28.21:1	93.05:1	54.47:1

We work closely with our key suppliers and monitor their sustainability practices. This will be an area of increasing focus going forward as we calculate our Scope 3 emissions and work with our suppliers and the broader hospitality industry to reduce their emissions in line with our net zero targets. We are working with our advisors and our energy consultants to calculate our Scope 3 emission base line, which we will disclose in the FY23 report and accounts.

We are also members of the Sustainable Restaurant Association and the company has been awarded a best in class three star rating.

This year, as part of our sustainable journey, we now source electricity from renewable sources through our group energy contract. Green electricity is dual reported in line with SECR requirements. We have also established FY2019/20 as a base year.

The following methodologies were used to calculate the above quantities:

- the kWh consumption figures relevant to gas, electricity, district heating (i.e. a system for distributing heat generated in a centralised location through a system of insulated pipes for residential and commercial heating requirements such as space heating and water heating) and district cooling (i.e. a system working on broadly similar principles to district heating but delivering chilled water to buildings needing cooling) were taken from invoices received by the group¹ – the kWh figures were then converted to tCO₂e figures using the then current conversion factors published by DEFRA;

- the consumption figures relevant to propane were taken from invoices received by the group¹ – these were either in kilograms or litres delivered and were then converted to kWh and tCO₂e using the then current conversion factors published by DEFRA; and
- the consumption figures relevant to transport were calculated using expensed mileage figures – to calculate tCO₂e for company cars, the group then used the car manufacturer's gCO₂/km data and increased this by 38% per guidelines issued by DEFRA – to calculate tCO₂e for mileage completed in other cars, the conversion was made using figures for an average car per guidance issued by DEFRA – in each case, the resulting tCO₂e figures were then converted to kWh using the then current fuel conversion factors published by DEFRA – where the fuel type used was unknown, it was assumed to be diesel in line with guidance published by DEFRA.

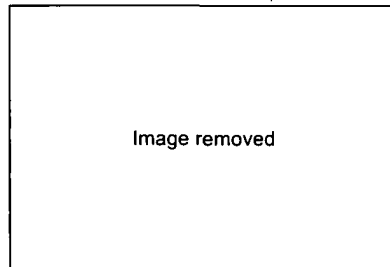
Our approach to the taskforce for climate-related financial disclosures (TCFD)

We welcome the introduction of TCFD and recognise the impetus this will provide for companies and stakeholders to understand relevant climate-related risks and to ensure that appropriate management processes are in place to mitigate them.

During FY23 we will develop our understanding of the requirements and assess the actions we need to take in order to ensure that we are prepared for our first disclosure in our FY24 report and accounts.

¹ Where data was missing, values were estimated using an extrapolation of available data.

The Young's difference Our community



Our pubs are at the heart of their communities and play a pivotal role in bringing people together. We continue to create places that make a lasting and positive contribution to the communities that we operate in.

The stop-start nature of the last two years has brought into focus the wonderful role our pubs play within their respective communities. We take great pride in fulfilling our role as a key hub, whether it is combatting loneliness through the Alexandra's Meetup Mondays, hosting a knitting group or a local farmers market.

All this was encapsulated in our short film, 'A House is Not a Home', which reaffirms pub culture as an integral part of British life with the messaging that pubs, like homes, are so much more than just bricks and mortar. Pubs unite people and communities and are where memories are made.

Rather than adopting a central or divisional approach during the period, our head office and pub teams staged a range of events to support both local and national charities which included: Fish Neighbourhood Care, Only a Pavement Away, Battersea Dogs and Cats Home, Noah's Ark Children's Hospice and The Royal Marsden Hospital.

The desire to give back to our communities is an integral part of our identity. We will continue to encourage our pubs to support local causes, but we will also consider what central and divisional approaches we can adopt in partnership with charities that work closely with the hospitality industry.

We are also using our flexible recruitment platform, The Ram Agency, to help Ukrainian refugees who are looking for flexible working arrangements. We have recruited an English speaking Ukrainian, whose role is to reach out to Ukrainian refugees and offer them opportunities either within The Ram Agency or directly with pubs who are recruiting. The company has also registered its interest through UKHospitality in the Ukrainian Humanitarian Support Scheme. Many of our pubs have staged fundraising events and collected food and clothing to be transported to Ukraine.

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Battersea Dogs & Cats Home

The Bear, Oxshott organises an annual dog walk which brings the local community together. At least 60 people attended this year's walk which raised over £1,000 for the charity.

Image removed

Only A Pavement Away

This charity acts as a conduit between forward-thinking hospitality companies and charities which work with people facing homelessness, prison leavers and veterans. It helps them find jobs within the hospitality industry. We were one of 20 hospitality companies who participated in a charity football tournament which raised over £4,000 for the charities.

Noah's Ark Children's Hospice

A number of our pubs in North London organised charity events, including a beer barrel roll, a skydive and during the period a charity row along a section of the River Thames, to support this local children's hospice. In all, these activities have raised just under £30,000, which is the equivalent of the annual salary of a hospice nurse.

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Dallaglio Rugby Works

The Alma, Wandsworth hosted a rugby huddle to raise money for this charity which mentors young people to help them re-assess their lives, focus on developing key life skills and ultimately be equipped to get into sustained education, employment and training. The event raised over £8,000 for the charity.

Our community continued

90%

Of our ingredients are sourced from the UK

Customers

Looking after our customers is central to everything we do. Our pubs are highly valued and are integral to the communities in which they operate. We provide a relaxed and safe environment where friends and families can spend time together.

Our focus on responsibly sourced, seasonal and local British produce lends itself to nutrient dense food that tastes delicious. As customer tastes and eating habits and styles have evolved, we have enthusiastically adopted more plant-based options on our menus, throughout our estate. This is embodied by our Burger Shack menu which is 50% plant based and includes the 'Classic Plant' burger patty, and vegan 'CHKN katsu' fillet. Every pub must include at least one vegan and one vegetarian dish on their menus and many offer a number of dishes. Our newly opened Food Development Learning Centre at Copper House provides the right environment for our chefs to experiment and innovate using seasonal ingredients to create new dishes for evolving customer tastes.

Our suppliers

Despite our proud origins in the London Borough of Wandsworth, our geographical reach has grown, and with it our enthusiasm for local food and drink suppliers that celebrate the best of British wherever our pubs reside. Where appropriate, we fully encourage our pubs to explore their individuality and support local businesses, from nearby breweries and distilleries. We are proud to have always done our best to ensure suppliers received payments in a timely manner for the wonderful produce they provide.

The Young's difference Partnering with our suppliers

In January we partnered with Pernod Ricard UK, who pledged a 50p charitable donation for every Plymouth Gin and Tonic served across our pubs in Spring 2022, highlighting the sustainability credentials of Plymouth and raising £20,000 for the Ocean Conservation Trust to continue their work protecting our oceans.

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86%

Reduction in number of weekly deliveries

(From 5,601 to 783)

We will continue to work with our suppliers to develop joint initiatives and provide positive social and environmental messages to share with our customers and wider stakeholders. These initiatives range from commitments to use electric and/or hydrogen vehicles in urban operating areas, reducing packaging waste and implementing paperless deliveries.

The Young's difference Why plant?

As the festive period of indulgence ends, January can bring a more mindful approach to eating and drinking. During 'dry January/ Veganuary' our focus shifted to 'Why plant?' complemented by an interesting non-alcoholic range of cocktails, beers and adult soft drinks. Strengthening the focus through Burger Shack to raise the profile of the company's vegan offer, January saw our first ever collaboration with celebrity chef, BBC's Dirty Vegan, Matt Pritchard, to launch the Pritchard Dirty Vegan monthly special burger across all Burger Shacks.

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We continue to support Drinkaware, whose campaign promotes responsible drinking. All front of house team members are trained on our responsibilities, which are covered within our 'Award for Licensed Premises Staff' training module.

Today more than ever, our customers expect an interesting soft drink range when visiting our pubs. We have put a lot of thought and care into our premium soft drink offering and our range includes a selection of delicious low sugar, non-alcoholic drinks, to suit all needs. A number of which are must stock items in our pubs under our 'soft drink, no and low stocking policy'.

Allergy notices are included on all our menus inviting customers to discuss their needs with us, and from early April 2022 calorie information was also included.

The Young's difference
Bringing our ingredients to life

We source the freshest and best ingredients locally to support our community of producers, reduce the carbon impacts of our supply chain and deliver the highest quality for our customers.

Our wild garlic

Foraged on the Queen's Sandringham estate, our wild garlic will be found throughout our menus during the summer months. Working sustainably, Martin Denny has been foraging for over 20 years, taking only the leaves or parts of the plant he needs and leaving nothing uprooted. There are no pesticides, no chemicals and no added extras. The whole process from plant to plate is about as natural as it gets and, with no machinery or packing houses, he is able to dramatically reduce his carbon footprint.

Our asparagus

This year for the first time ever, we have been able to partner with an Oxfordshire farmer and establish our very own three-acre asparagus field – solely for use on Young's menus. Asparagus crops are one of the most sustainable crops grown in the country with most crops left to their own devices for up to ten years in the same spot, the spears regrow and regrow, season after season, without the need of replanting like most other crops.

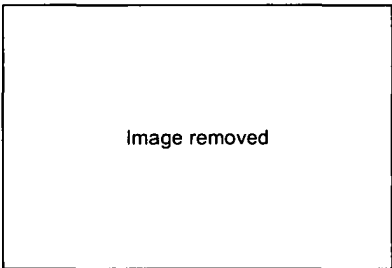


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Principal risks and uncertainties

The principal risks and uncertainties facing the group are listed below. It is not an exhaustive list of all significant risks and uncertainties; some may currently be unknown and others currently regarded as immaterial could turn out to be material. Further information on the group's financial risk management objectives and policies are set out in note 26 starting on page 123.

	Risk/uncertainty	Potential impact	Mitigation	Change in risk/uncertainty
Major external event leading to widespread pub closures and/or a huge decline in demand	1. An example of this is the spread of a disease – recent experience has shown the potential for something like this to have far-reaching and unexpected consequences for our business. As the covid-19 pandemic has spread around the globe in the last two years, some of these consequences became apparent and resulted in a very material and unforeseeable impact on our business.	This will depend on the nature of the event, its impact and reach and the reaction to it by the Government, consumers, business and others.	This will depend on the nature of the event, its impact and reach and the reaction to it by the Government, consumers, business and others. Our strong balance sheet and excellent teams enable our strategy of operating a diverse, premium, well invested pub estate and allow us to rise to challenges thrown our way. The recent covid-19 pandemic has given us the experience to ensure we are better placed to combat any future major event resulting in widespread pub closures	○
	2. Extreme weather, climate action failure and human-led environmental damage continue to top the list of the world's highest risks with regulations, government interventions and enhanced emissions reporting obligations expected to continue to increase. The group's customers, employees and investors are increasingly demanding reassurance that we are managing the climate change risk across our business activities.	The increased occurrence of extreme weather events, regulations, government interventions, reporting obligations and our inability to meet climate change targets could reduce revenues and profits. Failure to address these risks could impact trust and reputation amongst customers, employees, investors and other stakeholders.	We are developing a comprehensive sustainability strategy and the board is committed to achieving net zero for operational emissions by 2030 (Scope 1 and 2 emissions). We are working with external ESG advisors to develop a pathway to net zero which will enable us to phase the required investment and identify short-, medium- and long-term measurable targets, so that our stakeholder can monitor progress. For further details see our ESG report on pages 24 to 39.	○

Key to change in the risk/uncertainty level from the prior period

○ Decrease ○ No change ○ Increase

	Risk/uncertainty	Potential impact	Mitigation	Change in risk/uncertainty
Consumer-related	3. Our revenue is largely dependent on consumer spending within our managed estate. A consumer's decision to spend their money can be affected by a broad range of matters including those set out in 1), confidence in the UK economy, inflation, the weather and greater awareness of the potential adverse health consequences associated with alcohol) set against a choice of where to go and what to do.	A reduction in our revenue could result in lower profits.	Our pubs and hotels are mainly spread throughout London and Southern England, with the majority inside the M25. Through them, we provide a hospitable and welcoming home from home, often at the heart of the local community. They benefit from customer-focussed designs, high service standards, quality food (including vegan and vegetarian options) and market-leading drinks (including non-alcoholic options), all of which matter to the discerning consumer. By having a mix of excellent riverside, garden and city pubs and hotels, we seek to address the impact of seasonality and changes in consumers' spending habits.	○
Financial	4. Various factors, including legislation, conflict, pandemics and global demand, may result in the amount we pay for our key supplies (including food, drink, gas and electricity) and labour being increased. An example would be the National Living Wage, where the hourly rate was increased by 6.6% to £9.50 (from £8.91) with effect from 1 April 2022 (for those aged 23 and over). Increased costs could potentially make our offer less attractive to consumers if they are passed on. See also 13.	A reduction in our revenue and/or an increase in our costs will have an impact on our margins and could result in lower profits.	Fixed-price arrangements are in place with some of our food and drink suppliers. Regarding utilities, we continually look at ways of reducing our levels of consumption; we also regularly review our energy needs and price changes in the market, and, where appropriate, we make forward purchases. Increased wages may result in consumers having greater capacity to absorb increased prices, but any shortfall will need to be mitigated through greater labour and other efficiency gains.	○
	5. The pub industry is subject to a variety of taxes, including business taxes, duty on alcoholic drinks and business rates.	The introduction of new taxes and/or increases in the rates of existing taxes could result in lower profits.	As regards rates, we retain the services of specialist rating consultants who review each and every rating assessment. Appeals are lodged on our behalf where the new assessments are deemed excessive.	○
	6. We operate a defined benefit pension scheme that has to be funded to meet agreed benefit payments. The value of the scheme can be impacted by a variety of factors, including changes in life expectancy assumptions, lower than anticipated performances of the stock market and reduced bond yields. We also operate two defined contribution pension schemes that require minimum levels of contribution from the company set by the Government.	Variations in the difference in value between the assets of the defined benefit scheme and its liabilities may increase the amount we are required to pay into it in order to account for past service benefit deficits and future service benefit accruals. An increase in our contribution levels to the defined contribution schemes could result in lower profits.	The defined benefit scheme was closed to new entrants in 2003 and we make additional contributions over and above regular service contributions to help address any funding deficit. We also maintain a close dialogue with the scheme's trustee. To limit further the potential exposure, future service benefits accruing to remaining active members were reduced from April 2016, with member contributions being increased in tandem.	○
	7. Our financial structure involves bank borrowings and senior secured notes due 2039. The business therefore needs to generate sufficient cash to repay these debts with accrued interest. Interest rates are also subject to change. See also 12.	Our ability to trade as a going concern depends on us generating sufficient cash to meet these repayments.	The vast majority of the group's debt profile is long-dated, facilities are committed and debt is carefully managed within financial covenants. A mix of debt at fixed and variable interest rates is also maintained, with interest rate swaps used to assist in managing this exposure.	○

Principal risks and uncertainties continued

	Risk/uncertainty	Potential impact	Mitigation	Change in risk/uncertainty
Operations	8. We rely on a number of key suppliers to provide our pubs and hotels with food and drink.	Supply disruption could affect customer satisfaction, leading to a reduction in our revenue which could result in lower profits and growth rates.	Food and drink is sourced from a number of suppliers. Informal arrangements are also in place such that substitute suppliers or products could be used if required. Our offering provides an attractive showcase for food and drink suppliers – we therefore anticipate that new suppliers would be ready and willing to come on board relatively quickly should there be limited disruption of our food and drink supply chain. We regularly review our choice of suppliers.	○
	9. We are reliant on information systems and technology for many aspects of our business, including communication, sales transaction recording, stock management, purchasing, accounting and reporting and many of our internal controls. Information systems can be at risk of failure due to technical issues and the growing threat of cyber attack.	Any failure of such systems or technology would cause some disruption, and any extended period of downtime, loss of backed up information or delay in recovering information could impact significantly on our ability to conduct business.	Firewalls and anti-virus software are installed to protect our networks. Information is routinely backed up and arrangements are in place with a third-party provider to assist with data recovery. An off-site disaster recovery facility is also available should any major incident occur at Copper House or to our systems. The IT needs of the business are regularly monitored and we invest in new technology and services as necessary.	○
	10. We are dependent on having the right people throughout our organisation: at all our pubs and hotels and also at Copper House. See also 13.	Our ability to achieve our strategic and operational objectives could be affected if we are unable to attract and retain the right people with the desired skillsets.	We look to recruit and retain the best talent. The remuneration and reward packages we offer are competitive and designed to retain and motivate staff. We have training and development programmes in place so that our people have the right skills to perform their jobs successfully and achieve their full potential. Having gained “employer provider” status, which enables us to be an official training provider for apprentices, our training programme is now active and we are developing our own talent pool for the future.	○
	11. Part of our growth plan is based on acquiring and/or developing additional pubs and hotels/rooms.	If acquisitions do not take place and/or developments do not occur when planned, or at all, our desired future growth rate could be delayed or reduced.	We have relationships with a variety of third parties to ensure, as far as possible, that we are made aware of acquisition opportunities as and when they come up. We have provided a number of agents and landlords with details of our preferred site profiles.	○

	Risk/uncertainty	Potential impact	Mitigation	Change in risk/uncertainty
Regulation	12. We are required to meet a range of ever-increasing compliance, regulatory and health and safety obligations in the operation of our business.	A failure to comply with these obligations could damage our reputation, see us being fined, and, as regards health and safety, result in an accident or incident occurring involving injury, illness or even loss of life. All of these could possibly lead to a reduction in our revenue and lower growth rates. Increases in the cost of compliance could have an impact on our margins and result in lower profits.	We carefully monitor legislative developments, and our training programmes, policies, processes and audits are designed to promote and achieve compliance with our obligations. Health and safety audits are undertaken by a third-party who also works with us to ensure changes in health and safety practices and procedures are incorporated into our business and reviewed on a regular basis. Insurance cover to help with any financial compensation that may be payable as a result of an accident or incident has been taken out.	○
Brexit	13. The UK's new trade deal with the European Union ('EU') still leads to a degree of uncertainty affecting the supply chain and labour market.	The new trade deal could make it costlier for the UK to trade with the EU due to additional border controls and the potential delays this will cause. It could also become more difficult for UK businesses to hire from the EU.	We are a UK business with a predominantly UK supplier base and fixed price arrangements in place across many of those relationships. Whilst we are confident there will be little or no impact on our supply chain, the ability to flex our food and drink offer daily will further mitigate any potential shortages. We are also an 'employer of choice' with a strong track record of retaining talent. We also have an active and progressive internal training programme that is developing our own talent pool for the future. See also 4 and 10.	○

The Young's difference

Through the sale of the majority of our tenanted estate, we have cemented ourselves purely as a key player in the premium managed house pub market.

This year was a defining moment in our strategy to focus on operating predominantly freehold, individual, differentiated and premium managed pubs and hotels.

This significant strategic move gave us cash to further strengthen our balance sheet and extra capacity both to invest in our existing estate and to capitalise on attractive acquisition opportunities that present themselves.

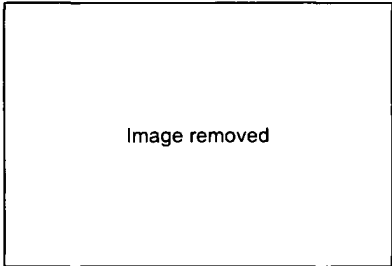


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Business and financial review

£307.7m

Managed house revenue

Managed houses

In what has been another extraordinary year, once again we began the period with the UK economy in a full lockdown due to the pandemic, and all our pubs closed to the public. It was good to see all our pubs and beer gardens full again from mid-July, as restrictions were relaxed, removing limits on social contact and allowing for larger events. The quintessential pubs' firm place in the heart of English culture was more important than ever this year and we were in the perfect position to capitalise as people looked to make up for lost time. Despite the setback of Omicron significantly curtailing sales during the Christmas period, trading was ahead of expectations with total managed house revenue up by 253.7% to £307.7 million (2021: £87.0 million).

Initially, our focus was firmly on how we could safely welcome back as many customers as possible when restrictions eased in April. There was a real feel-good factor for both our customers and teams, with the pent-up demand evident as bookings for our gardens, huts and external spaces flooded in ahead of re-opening. The sense of excitement and anticipation triggered several weeks of frantic trade, despite restrictions allowing only outdoor trading and the irony that on day one we were greeted with snowfall. This did not hold us back as incredible customer support meant total revenue was just 13% lower than the whole estate in 2019 for the first six weeks, despite a quarter of our estate remaining closed. It was not until 17 May, when the restrictions on trading inside were finally lifted, that our remaining pubs reopened.

With the UK holiday market capitalising on domestic travel, our pubs and hotels in typical 'staycation' locations exceeded expectations, although the wet and dull weather through July and August somewhat curtailed our progress. The warm and sunny weather in September was welcome, helping us celebrate 190 years of Young's – an event marked at every Young's pub, from Cambridge to Devon. In London, our famous dray horses took to the streets for 'The Great Greenwich Tour', starting at the Richard the First and ending at one of our newest pubs on the banks of the River Thames, Enderby House. As the year progressed, we started to see more people return to the office, at least for part of the week, and for our pubs in the City of London trade was back to 80% of pre-pandemic levels by the end of September.

As expectations were building for a bumper December with encouraging numbers of bookings in the diary, the arrival of covid-19's fast-spreading Omicron variant saw widespread cancellations, wasted turkey dinners, and people return to home-working as they sheltered away to protect their own family holidays. This continued through to New Year with celebrations more muted than we would expect to see.

£72.1m

Managed adjusted operating profit

The spread of Omicron also affected our teams as we battled staffing challenges that rivalled the 'pingdemic' from earlier in the year. What relatively few bookings we had in the Christmas period had now become harder to operate as managing rotas across the business became a daily challenge.

Sales in the final quarter bounced back strongly. The mild weather in January and February was punctuated once or twice by severe storms that hit the UK, but these early months of the year marked the start of events season beginning with Burn's Night where pubs held unique Scottish themed events. In February, it was the return of the Six Nations rugby, with Guinness supporting us with events in almost every pub alongside a number of selective one-off special events hosted by England rugby legends such as Will Greenwood and Danny Care.

In March, having completed the acquisition of the pubs and hotels from the Lucky Onion group just a couple of weeks prior, we experienced our first Cheltenham Festival racing week. The newly acquired No. 38 The Park, the last stop before you reach the racecourse, ensured racegoers didn't go thirsty with a specially erected outside bar serving premium drinks for the four-day festival.

There is no doubt that food sales were the big winner in the period, even if you disregard the benefit received from a reduced rate of VAT when compared to drink sales. In the early months, table service was a requirement and customers saw the return to the pub as a chance to treat themselves to the dining out experience that had been lacking for most of the last year. Our Young's app played a pivotal role in the customer journey, accounting for 40% of food and drinks sales in the early part of our year. While the app is less important now that normal bar service has resumed, it still proves a very useful tool, offering customers the ability to independently browse menus, order food and drink direct to their table and pay the bill.

The continued investment in our covered and heated gardens proved vital in winter as well as for the restricted first few months. Ahead of reopening we had expanded our Burger Shack offering – focusing on innovation – updating the menu with the addition of monthly and seasonal special burgers. These ranged from a 'Lambslide' for spring to the 'Dirty Vegan' for January in partnership with Matt Pritchard, a notorious vegan chef. The strong trend for dining out and meeting up with friends continued throughout the year as food sales ended the period 20.3% ahead of two-year prior comparative.

It has been quite a year for the Guinea which celebrated a position of 7th in Estrella Damm's top 50 Gastro pubs in the UK, finishing as the highest ranked London pub on the list.

Business and financial review continued

£24.7m

Managed house investment

A local Mayfair institution dating back to 1423, we opened our restaurant, the Guinea Grill, in 1953. The food has grown from a long legacy of impeccably sourced British steaks and other produce such that it now often requires a reservation, months in advance. Indicating the importance of seizing opportunities when they present themselves, this year we were able to increase the trading space, at least in the short-term, doubling our covers whilst maintaining the all-important true Guinea experience.

For our drinks sales, the initial restrictions on vertical drinking limited pub capacities and the need for people to be sat at a table. Following months of lockdown, customers were keen to treat themselves, driving further premiumisation across most categories and we saw significant volume growth compared to two years prior in our Champagne and sparkling wine, up by 53.9%, and cocktails up by 85.6%. In the first half of the period the 'sit down' environment encouraged the restaurant feel which resulted in a drop to the mix of draft sales as people traded into wines. However, following the return to more normalised trading in the second half, volumes and mix of draught sales bounced back with Guinness leading the way, its volumes were ahead of the comparative period by 11.5%. In total, drink sales finished the period 3.7% behind the two-year prior comparative.

Our success has not been without its challenges. There have been well documented issues in the supply chain, whilst chef recruitment remains difficult for the whole of the industry. We have looked to combat this by offering a comprehensive and unique career pathway for all skill levels in the kitchen to match the scheme for our front of house teams. Inspirational chef experiences that offer the opportunity to learn all there is to know about our local British seasonal ingredients is just another way that we look to train and retain our people.

In response to the ongoing challenges with recruitment and agency costs, this year we launched the Ram Agency which aims to give employees the power to pick their working hours. This in-house agency brings together people with the skills we need across the group, in a range of roles, from chefs to front and back of house team members. Members of the agency can choose the shifts they want and create their own working rota to give themselves the flexibility to achieve their goals. With the aim of filling shifts with people who know the Young's way of working, and trained to Young's standards, this will reduce our reliance on agency staff going forward.

The performance of hotels was largely dependent on their geography. Our 'staycation' hotels revelled with the regular influx of domestic visitors as overseas travel remained challenging, whereas city hotels felt the negative impact of the

£55.50

RevPAR

pandemic more acutely as business travel and London tourism took longer to return. This was reflected in the overall hotel stats for the year, with total occupancy at 56.9% despite a respectable average room rate of £97.61, resulting in a RevPAR of £55.50.

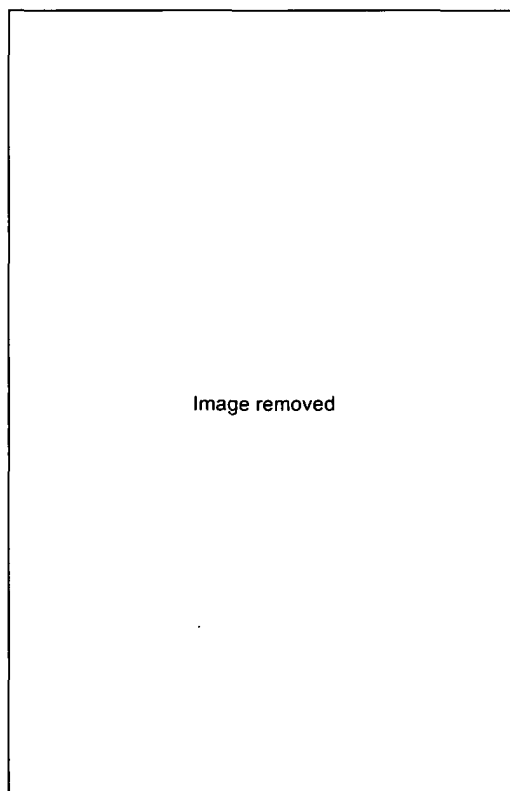
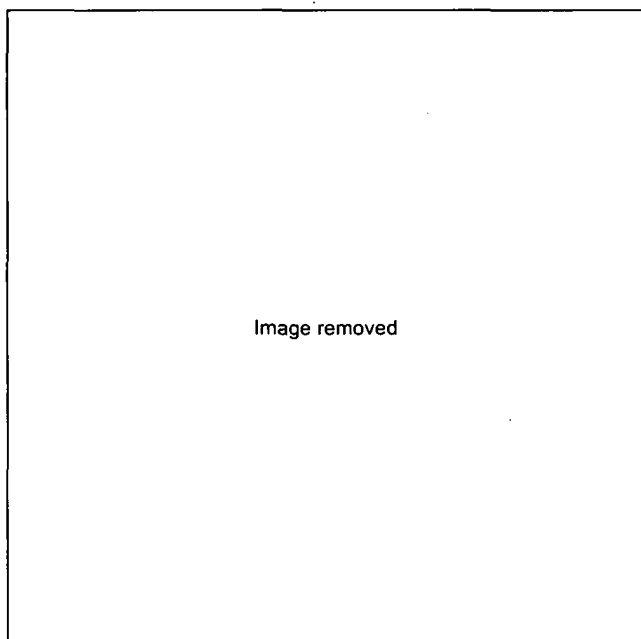
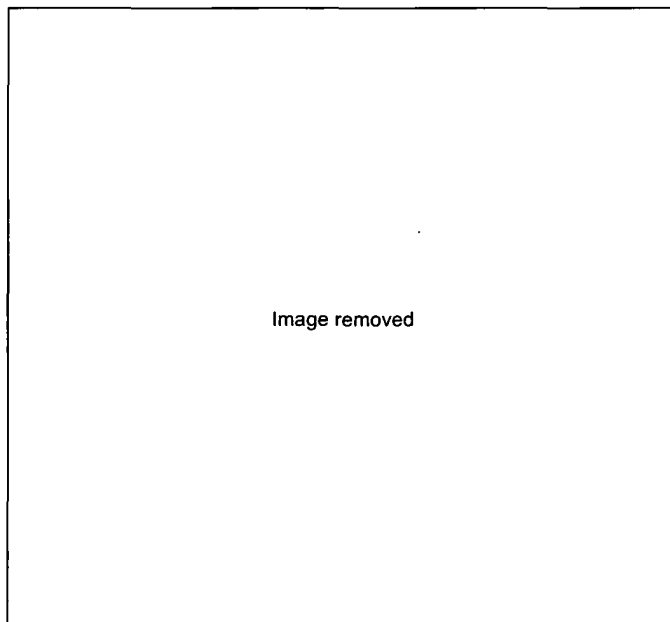
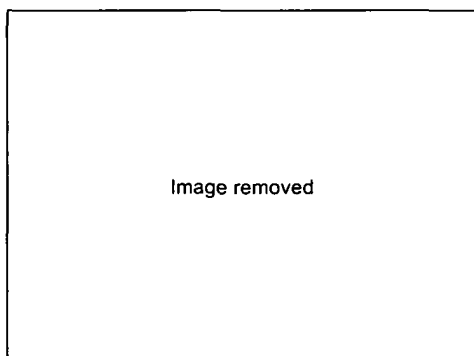
It has been a year where we have had to combat varying trading restrictions alongside the other challenges that we have faced set against the backdrop of increasing costs. Despite these factors, and supported by the VAT reduction, our managed house profitability returned to more normalised levels, with an adjusted operating profit of £72.1 million (2021: adjusted operating loss of £18.6 million).

Investment

Our investment impact in the year goes back to last winter's lockdown when we were busy actively adding more stretch tents and huts, ensuring the additional covers in our external spaces were tradeable all year round. When we came out of lockdown last spring, we were ready to capitalise on the pent-up demand as trade bounced back strongly. However, in the interest of ensuring we returned to profitable trade and conserving cash, we delayed the majority of our major projects until January 2022.

During the year, we spent £24.7 million on our existing estate including exciting schemes at the King's Head (Winchmore Hill) and Chequers (Walton-on-the-Hill), both designed to offer a more premium environment all year round. With beautiful interiors featuring open fires, wood-paneled dining rooms, traditional snug areas and bright, elegant garden spaces, and accompanying stunning gardens these two investments are going to be firm favourites with their local communities. Elsewhere we have carried out smaller refurbishments of much-loved pubs across the estate, including the Castle (Islington), Orange Tree (Richmond), and the Alma (Wandsworth). We also remain on site at the Phoenix (Victoria) which will open later this month following an extensive scheme creating 34 additional covers on a new mezzanine terrace.

In the last couple of years, we have transferred a number of pubs from our tenanted division, all with their own unique style and opportunity to managed houses, and this year was no different. Firstly, the Grand Junction Arms (Harlesden) opened in January following a complete refurbishment. This sleeping giant features canal-side huts and seating for more than 500 people in its three-tiered garden, fully equipped with outside bar and Burger Shack. Similarly, the Ship Inn (East Grinstead) is home to a new Burger Shack with 200 covers across a multitude of outside spaces that include two covered 'boat cabins'.



“It has been quite a year for the Guinea which celebrated a position of 7th in Estrella Damm’s top 50 Gastro pubs in the UK, finishing as the highest ranked London pub on the list.”

Business and financial review continued

“We have found ourselves navigating challenges at nearly every turn, whether it be storms, floods and tube strikes, or the unwelcome arrival of the Omicron variant which hampered our Christmas trading. I am delighted to announce a strong set of results that marks a return to normalised profitability.”

Meanwhile, investment at the Spread Eagle (Wandsworth) has been ongoing throughout the year, restoring this previous tenancy to its former glory with traditional features that include stylish etched glass, heritage colours and brass fittings whilst adding a modern twist to this classic Victorian pub with 21 boutique bedrooms. Finally, we have just completed a light touch update to the Royal Oak (Bethnal Green) after trading throughout the post-covid period.

On the acquisition front, soon after last period end we completed the freehold acquisition of the former Greenwich Union pub next door to our own Richard the First (Greenwich). We then designed a scheme and obtained the necessary permissions to bring the two businesses together later reopening as a bigger, better pub just ahead of the Easter weekend. In line with our strategic objective to add premium freehold pubs, we were also able to purchase the freehold of existing managed house, the Lamb (Bloomsbury), which is located between Holborn and Russell Square tube stations.

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The Young's difference

The most significant acquisition was made in February when we purchased six pub and hotel assets from the Lucky Onion group. The acquisition included three properties in Cheltenham, and three other Cotswolds pubs thereby expanding our presence in the area, whilst also adding 73 hotel rooms to the estate. Five out of the six properties are freehold. Included in the group are No. 38 The Park, a boutique 13-bedroom hotel set in a Georgian townhouse in Cheltenham, the George – a 46-bedroom hotel also located in the Gloucestershire town – and the Wheatsheaf, a 17th century coaching inn in Northleach, which features 14 premium bedrooms.

During the period we have invested a further £36.8 million in the acquisition of nine new pubs and hotels. In December, we purchased The Bull (Ditchling) in East Sussex, which dates back to the 16th century and has six bedrooms. The following month we acquired the Pheasant Inn, popular with the local racing community in Lambourn, featuring 14 bedrooms. Then in March purchased the freehold of the White Horse (Hascombe), an attractive 16th century village pub sitting in the Surrey Hills Area of Outstanding Natural Beauty.

Finally, this spring saw the completion of a long-awaited project; the relocation of our company head office back to the centre of Wandsworth. Our new base, Copper House, adjoins the fabulous Spread Eagle hotel and will be instrumental in bringing our teams back together as we set off on the next phase of our journey.

The only disposal within the managed house division was the Waverley (Bognor Regis), where in March, we exited the lease following the decision not to renew. We finished the period with 219 managed pubs and hotels (2021: 210).

Tenanted business

The disposal of 56 of our tenanted pubs in July, for a total cash consideration of £53.0 million to Punch Pubs & Co cemented our move away from operating a tenanted model. In the period, we also disposed of the Grove House (Camberwell) and Lord Wargrave (Marylebone), agreed an early exit from our lease at the Prince William Henry (Blackfriars) and transferred the Grand Junction Arms to our managed house division, leaving us with just three tenancies.

Continuing business revenue was £1.0 million (2021: £0.7 million) and an adjusted operating profit of £0.4 million (2021: £0.0 million). Due to the small nature of the continuing business, this will be the final period in which we report on the tenanted division separately.

Other key areas

Property

Our balance sheet strength is underpinned by our predominantly freehold estate in many highly desirable locations. 182 of our 222 pubs are freehold or are long leaseholds with peppercorn rents. Our total estate, including freehold and fixtures and fittings on leaseholds, is now valued at £808.0 million (2021: £773.7 million). The carrying value of property leases, including long leaseholds, is separately recognised as right-of-use assets in note 20. We have continued to add value through major developments to improve our existing pub values and hand-picked acquisitions, primarily focussing on freehold assets.

2.1 times

Net debt to adjusted EBITDA

£808.0m

Our estate value

Image removed

Each year we revalue our pub estate to reflect current market values. Despite our return to profitable trade, the ongoing implication of covid-19 on our estate had to be considered on an individual basis as some pubs continue to build back to pre-pandemic levels. Savills, an independent and leading commercial property adviser, has revalued all our freehold properties. The valuation method used several inputs and the sustainable level of trade of each pub remained key.

In accordance with International Financial Reporting Standards, individual increases in value have been reflected in the revaluation reserve on the balance sheet (except to the extent that they had previously been revalued downwards) and individual falls in value below depreciated cost have been accounted for through the income statement. None of these adjustments have a cash impact.

Continued optimism in the pub property market has remained throughout the year and has been reflected by increased activity and property prices; as a result we have seen a net upward revaluation movement of £29.5 million. This is comprised of an upward movement of £28.7 million (2021: £9.0 million upward movement) reflected in the revaluation reserve and an upward movement of £0.8 million (2021: £1.8 million upward movement) recognised as an adjusting item in the income statement.

Treasury and going concern

At 28 March 2022, the group had cash in bank of £34.0 million and committed borrowing facilities of £235.0 million, of which £135.0 million was drawn down. The drawn facilities are all fully interest rate hedged. In addition to these committed facilities, we have a £10.0 million overdraft with HSBC. Net debt, including lease liabilities, was £173.8 million.

We have returned to delivering strong positive cash flows. Our operating cash flow was £107.0 million (2021: cash outflow £23.0 million), with our predominantly freehold estate and premium business back to unrestricted trading. Young's has returned to being conservatively financed. We have moved away from all financing measures introduced to steer us through the covid-19 uncertainty which, combined with the strong positive cash flow, result in a net debt to adjusted EBITDA of 2.1 times.

Whilst the group's entire pub estate is trading well, it remains prudent to recognise a degree of uncertainty ahead due to any potential ongoing impact of covid-19 and to acknowledge the impact of the current cost inflation that could influence future profitability. As part of the directors' consideration of the appropriateness of adopting the going concern basis, the group has modelled several scenarios for the going concern period. The key judgements applied are the extent of any potential future disruption to trading as a result of covid-19, and the inflationary cost pressures that the hospitality industry is currently facing. The base case model assumes we continue to trade as now, with no restrictions and a confident market with trade continuing to build in line with Young's growth strategy. The general reduction in trade scenario looks at a decline of 20% in sales and 24% in profit across the period.

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Business and financial review continued

This aims to capture the return of certain restrictions such as table service only or a recommendation to work from home and any potential slowdown in consumer spending influenced by the current cost of living crisis. The cost inflation scenario includes an average 15% increase in the food cost base for the period with no retail price increases and holding utility pricing at the base case rates given the group has forward bought utilities to March 2024. We have assumed capital expenditure levels will continue at historical levels and no structural changes to the business will be needed in any of the scenarios modelled. Further details are set out in note 1.

Based on these forecasts and sensitivities, coupled with the current debt levels and the ongoing debt structure in place, the board has a reasonable expectation that the group is able to manage its business risks and to continue in operational existence until at least 27 June 2023. Accordingly, the board continues to adopt the going concern basis in preparing the consolidated financial statements.

Retirement benefits

We have a defined benefit pension scheme which has been closed to new entrants since 2003. During the year our pension scheme and health care scheme moved from a combined deficit of £6.1 million into a surplus of £12.2 million. This has been largely driven by a movement in the discount rate contributing to a £21.9 million decrease in liabilities. We have continued our commitment with another year of special contributions, totalling £1.2 million, and remain fully committed to ensuring the pension scheme is adequately funded.

Adjusting items

Total adjusting items from continuing operations were in a credit position of £0.3 million in the period, the majority of which relate to the estate management of our properties. We agreed an early termination of the lease at the Prince William Henry and recognised £2.2 million profit on disposal. During the period, we also exited one managed house lease – the Waverley (Bognor Regis), and sold two tenanted pubs, the Grove House (Camberwell) and the Lord Wargrave (Marylebone) for a net gain of £0.2 million. As previously mentioned, there was a net upward movement in property revaluation for the period of £0.8 million.

Following the transfer of the Grand Junction Arms (Harlesden) to our managed house division in September, compensation costs of £0.2 million were agreed to terminate the lease agreement early.

The most significant cost relates to our acquisition of nine pubs where purchase costs of £2.7 million were incurred relating to property taxes and associated professional and legal fees.

Tax

A tax charge of £17.5 million (2021: £6.9 million tax credit) was recognised for the year. The effective tax rate was 33.7% (2021: negative 15.2%) compared to the statutory rate of 19.0% with the difference primarily driven by the re-measurement of deferred tax liabilities as a result of the increase in the future substantively enacted tax rates from 19.0% to 25.0%. Further detail can be found in note 14.

The group's tax strategy for the accounting period ended 28 March 2022 has been published on the Young's website in accordance with UK tax law.

Shareholder returns

Having started life in 1831, Young's is a long-standing business, and we are determined to maintain our long-term, sustainable growth story.

Our top-line trading performance has flowed through to strong profit conversion and cash generation. Our adjusted earnings per share was at 56.26 pence, compared to an adjusted loss per share of 66.63 pence in the prior period. On an unadjusted basis, the profit per share increased to 58.83 pence. As a result, we are pleased to recommend a final dividend of 10.26 pence and, if approved by shareholders, this will give a total dividend for the year of 18.81 pence (2021: nil).

Patrick Dardis

Chief Executive

18 May 2022



Corporate Governance

“It has been a challenging year but the company has performed strongly and the board has continued to ensure that good governance standards are adopted throughout the business.”

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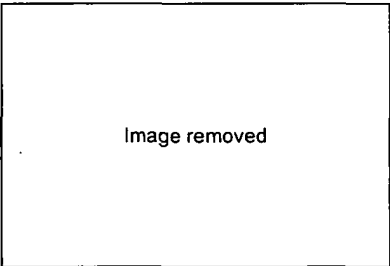


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Chairman's corporate governance statement

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“In all our decision-making, we aim to do the right thing in the right way at the right time. This approach and culture are underpinned by our corporate governance model which seeks to ensure that good governance standards are welcomed and adopted throughout our business at all times.”

Stephen Goodyear
Chairman

On behalf of the board it gives me great pleasure to introduce this year's corporate governance report, which includes the audit and remuneration committee reports.

As a board, we are the stewards of the company. It is our responsibility to ensure that our strategy takes into account the interests of all our stakeholders. It has been a challenging year but the company has performed strongly and the board has continued to ensure that good governance standards are adopted throughout the business.

As chairman, the effective leadership of the board and the fostering of a good corporate governance culture remains a key responsibility of mine. I am helped here by my board colleagues who are equally persuaded of the importance of collectively defining, delivering and communicating our governance model so as to ensure that good governance standards are embraced throughout our business at all times.

The QCA Corporate Governance Code (2018 edition) was applied throughout the period. It provides the right governance framework for us: a flexible but rigorous outcome-oriented environment in which we can continue to develop, as needed, our governance model to support our business. I am pleased to report again that the ten broad principles around which the QCA Code has been constructed are effectively embedded in our governance model, our ways of working and our behaviours.

There have been a number of board and committee changes during the year. In July last year, Roger Lambert stepped down as a non-executive director. In 2020, after serving his third three-year term, the board asked Roger to stay on for an additional one-year period, thus extending his period of office through to the end of July 2021. The board felt that in view of the challenges facing the company in light of the pandemic, it was important to retain on the board the additional strength, balance, financial acumen, and capital markets experience that Roger provided. We are grateful to Roger for the insight and guidance he provided during his tenure on the board, including as senior independent director and a member of the audit and remuneration committees. We wish him well for the future.

Following Roger's retirement the board appointed Nick Miller as senior independent director with effect from 31 July 2021. Nick is available to the chairman and other board members and is a point of contact for shareholders and other stakeholders to discuss matters of concern.

At the beginning of September, Aisling Meany joined the board as an independent non-executive director. She has considerable investment banking, capital markets, financial services and strategy experience. Aisling also serves as a member of the company's audit and remuneration committees and is the board's designated non-executive director for ESG.

The company announced in March that Patrick Dardis would be stepping down as chief executive at this year's AGM on 5 July 2022. On that date, he will be succeeded by Simon Dodd, chief operating officer, who was recruited three years ago with succession planning in mind.

For information: an index setting out where to find each of the disclosures required to be published by the QCA Code appears at the end of the corporate governance information part of the 'Companies Act and AIM Rules compliance' page within the investors section of www.youngs.co.uk

As part of a corporate governance review of the composition of the company's audit and remuneration committees, it was agreed that Torquil Sligo-Young would step down from the audit and remuneration committees and Stephen Goodyear would step down from the audit committee, with effect from 16 March 2022. The board felt that it was important that the composition of both committees be entirely made up of independent non-executive directors, in line with corporate governance best practice.

The board understands the importance of diversity and gender balance and we have started the process to recruit an additional female independent non-executive director.

For many years, I, and my board colleagues, have been ably supported by Anthony Schroeder, our company secretary. After more than 16 years' service, Anthony Schroeder retired as company secretary at the end of September. We all miss his unique sense of humour and the invaluable advice, guidance and support he provided; we wish him all the best for the future. In April last year, in preparation for Anthony's retirement, we appointed Chris Taylor as Anthony's successor. Chris was part of our company secretariat team many years ago, after which he became the company secretary at Sky plc.

During the year the remuneration committee, with the assistance of Deloitte LLP, has undertaken a review of the company's long-term executive incentives. The outcome of the review is detailed in the remuneration committee report which forms part of the corporate governance report.

The board's strategy and model to grow the business and drive shareholder value are set out on page 15. It is usually against that background, and a mission statement of "delighting our customers with stylish pubs and hotels", that the board makes decisions and manages risk.

The board continued to set clear expectations concerning the group's culture and values. By way of example, each person starting at one of our pubs received a training journal designed to support them through their induction – this not only covered our vision and values, but also explained how we go about caring for our customers, right from their decision to come to our pubs through to a goodbye at the end of their visits. This is so important if we are to develop our people to delight our customers. The learnings from this four-week induction programme then become instinctive over a team member's time with us.

Clear statements of behaviour are also issued by the board. An anti-bribery statement is on our corporate website and our team members are encouraged to refer contractors and suppliers to this. We also have an anti-bribery policy. Both the statement and policy confirm that we have a zero-tolerance stance on bribery and they repeat the board's expectation that everyone behaves at all times honestly, professionally, fairly and with integrity. The policy is circulated to everyone at Copper House and to all pub managers; it is also printed in each pub employee's contract of employment. Our slavery and human trafficking statement, likewise published on our corporate website, also explains to external stakeholders that

we seek to conduct our business honestly and with integrity at all times and that we recognise that it is not acceptable to put profit above the welfare and wellbeing of our employees and those working on our behalf. Steps to combat modern slavery are taken seriously, and efforts to prevent abuses are fully embedded across all departments throughout our organisation to ensure we play our part in helping to stamp out slavery and human trafficking. A whistleblowing policy is also in place: this allows our employees to raise any concerns in confidence directly with the chairman of the audit committee, the company secretary or the group's internal audit manager. Experience to date suggests that this policy is effective and widely known.

We firmly believe that by encouraging the right way of thinking and behaving, across all our people, our corporate governance culture is reinforced. This enables us to conduct business sustainably and responsibly, and, against the background of the extraordinary times we have found ourselves in, allows us to drive our premium, customer-focussed, people-led strategy and deliver value for our shareholders. Within this framework, those managing our pubs are encouraged to be entrepreneurial, while supported by policies, processes and an extensive training programme that assists in protecting the business from unnecessary risk.

We accept that simply setting expectations is insufficient and it is important for the board to lead by example: it was therefore regularly seen out and about engaging with our team members, customers and others. The executive team, in particular, communicated regularly with the teams in the pubs and at our new head office, Copper House, through meetings and messages and at events. Being seen isn't always good – however hard it may be, sometimes just fading into the background whilst observing and listening can be really educational. Our relatively informal approach here was supported by more formal processes – we encouraged customer feedback (both directly to the pubs and via online booking review platforms) and there were also staff appraisals. Together, these provided invaluable insight into how we were seen to behave and lead the board to believe that the group had a healthy corporate culture throughout the business.

Further details on our corporate governance arrangements (reflecting the broad principles in the QCA Code and their application) appear in the following pages and on our corporate website. Overall, I very much feel that the essence of the QCA Code is fully reflected and observed in our business, and a regular review by me with our company secretary will ensure that this remains the case in the years to come.

To finish, I remain ever aware of the importance of ensuring that we regularly engage with you, our shareholders. On page 65 we've set out what we do in this regard; the AGM is a key part of this, and I look forward to welcoming you to this year's AGM in Wandsworth on Tuesday, 5 July 2022.

Stephen Goodyear
Chairman

18 May 2022



Board of directors

Image removed

Stephen Goodyear

Non-Executive Chairman

Commenced role

April 2017 (appointed to the board in February 1996)

Skills and experience

Stephen has considerable knowledge of, and passion for, Young's and the industry. He began his career with Courage Ltd in 1974 and joined Young's in 1995. In 2003, he became chief executive and oversaw the sale of the Ram Brewery, the creation of the tenanted Ram Pub Company and the transformation of Young's into a premium managed house business. The latter involved the acquisition of Geronimo Inns at the end of 2010 and the creation of a growing hotels operation. In 2016, Stephen stepped down as chief executive and became a non-executive director. Stephen is approachable, measured, calm and influential, and provides invaluable support to the chief executive. As chairman, he is impartial and objective and encourages open and constructive debate.

Other relevant external appointments

The Independent Family Brewers of Britain (director)

Image removed

Patrick Dardis

Chief Executive

Commenced role

July 2016 (appointed to the board in July 2003)

Skills and experience

With more than 35 years' experience working in the pub and brewing industry, Patrick has extensive knowledge and experience of the sector. Before joining Young's in 2002, he held various roles at Wolverhampton & Dudley Breweries PLC (now Marston's PLC), Guinness Brewing, Whitbread PLC and Courage Ltd. Over his time as retail director at Young's (2003-16), he developed his leadership skills further and was instrumental in making Young's the premium managed house operation it is today. He understands the Young's business inside out, is well-known and very well respected both within Young's and the industry. Patrick brings unrivalled passion, drive and commitment to the role.

Other relevant external appointments

Council member of the British Beer and Pub Association

E D

Image removed

Mike Owen

Chief Financial Officer

Commenced role

September 2019

Skills and experience

Mike has overall stewardship of the group's finance functions (including strategy, forecasting, reporting, tax, treasury, and risk management) and, since 1 October 2020, is responsible for the group's technological needs. He has a strong passion for the industry having been group finance and IT director at Hall & Woodhouse Ltd (2016-19), head of European and then Global Deployment in the Global Business Services division of SAB Miller PLC (2014-16) and finance and IT director at Miller Brands (UK&I) Ltd (2008-14). Due to his influence and involvement in the business, and his open and engaging personality and management style, the leadership he provides benefits not just his direct reports and team but a much wider section of the company's people. Mike is a qualified accountant.

E D

Simon Dodd

Chief Operating Officer

Commenced role

September 2019

Skills and experience

Simon is responsible for the group's managed house operations, including food development and marketing. Having spent more than a decade working in the pub and brewing sector, he has a wealth of experience. Before starting at Young's, Simon was a director at Fuller's and MD of their beer company (2016-19) – previously, he was the operations director of their premium city pubs division (2015-16). Prior to joining Fuller's, Simon was at the Orchid Pub Company: COO (2013-14) and commercial director (2006-13). With his experience, knowledge and retail and marketing background, Simon makes a positive contribution to the well-established Young's business; he combines this with good analytical and people skills and a cheery manner. Simon will take up the position of Chief Executive at the AGM in July 2022.

Other relevant external appointments

The company's UK Hospitality representative

E D

Image removed

Tracy Dodd

People Director

Commenced role

September 2016

Skills and experience

Tracy is responsible for people, and health and safety matters. She joined Young's in 2015; before that, she was at the Orchid Pub Company (2006-14). Tracy has a clear understanding of the group's premium-led strategy and her focus is on what is required to deliver that, remaining ever mindful of the regulatory backdrop to people and health and safety matters, including equality, gender diversity and employee wellbeing. As an ex-operator, she has the skills, knowledge and expertise to help ensure the group has the right people and culture in place and that it operates in a safe and responsible way. Tracy leads by example, is a team player, communicates well and is very approachable and discreet.

Other relevant external appointments

Hospitality Apprenticeship Board (member)

(E) (D)

Image removed

Nick Miller

Senior Independent Non-Executive Director

Commenced role

April 2017

Skills and experience

Nick has a wealth of experience in hospitality, leisure and brewing. He was the CEO of Meantime Brewing Company (2011-16) and before that he was the MD of Miller Brands, the UK arm of SAB Miller, the multinational brewing and beverage company. Nick has an excellent reputation in the industry. He is a particularly perceptive businessman, with significant experience and demonstrable career success at both Meantime and SAB Miller. With this background, he is able and prepared to challenge the executive directors, and he provides a strong and valuable external perspective to the board. Through a combination of his executive experience, strength of character and willingness and ability to engage, he is well placed to lead the remuneration committee.

(A) (R)

Image removed

Ian McHoul

Independent Non-Executive Director

Commenced role

January 2018

Skills and experience

Ian is a chartered accountant and an experienced non-executive director. Aside from the current appointments listed below, he has recently been a senior independent director at Britvic Plc (2014-22) and has been a non-executive director at Premier Foods plc (2004-13) and John Wood Group plc (2017-18). Ian was the CFO at Amec Foster Wheeler plc (2008-17); before that, he had a variety of positions in the brewing and licenced retail industry, including at Scottish & Newcastle plc and Innentrepreneur Pub Company Ltd (1985-2008). With his considerable sector experience and strategic and financial acumen, his contributions both in and outside of board meetings are insightful. He also brings financial astuteness to his chairmanship of the audit committee. At a personal level, his ability to listen, build trust and encourage allows him to mentor others.

Other relevant external appointments

Bellway Plc (director)

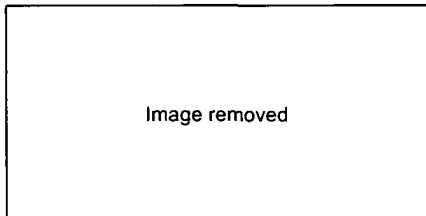
The Vitec Group plc (chairman)

(A) (R)

Committee Membership

- (A) Audit committee
- (D) Disclosure committee
- (E) Executive committee
- (R) Remuneration committee
- Chair of committee

Board of directors continued



Torquil Sligo-Young

Non-Executive Director

Commenced role

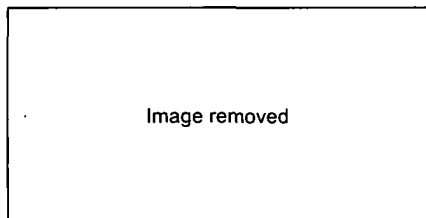
October 2020 (appointed to the board in January 1997)

Skills and experience

Torquil joined Young's in 1985, becoming an executive director in 1997. During his time as a director, he was responsible for personnel, health and safety, and the group's technological needs, and he also headed up the company's in-house CSR team. In 2020, Torquil stepped down as an executive director and became a non-executive director. He is chairman of a charitable trust set up by William Allen Young, a founder of the business, and, due to his length of service and knowledge of Young's, is chairman of Young's Pension Trustees Limited, the trustee company that manages the Young & Co.'s Brewery, P.L.C. Pension Scheme. Torquil brings a calmness to his position and, being a member of the founding family, he helps the company keep in touch with family shareholders.

Other relevant external appointments

William Allen Young Charitable Trust (chairman of the trustees)



Chris Taylor

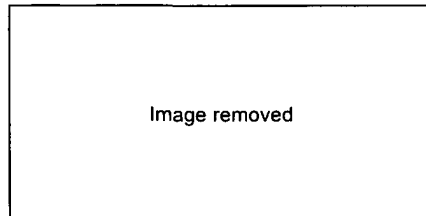
Company Secretary

Commenced role

April 2021

Skills and experience

Chris provides counsel to the board on various governance, legal and regulatory issues affecting the group. He also provides leadership and advice on sustainability. Chris is an experienced chartered secretary having held positions at a number of listed companies including Guinness, Diageo and Orange, and was most recently company secretary of Sky plc. He was also part of the Young's company secretarial team earlier in his career. Chris is a Fellow of the Chartered Governance Institute. He has an authentic and approachable style and provides valuable advice and support to the board, executive and wider business.



Aisling Meany

Independent Non-Executive Director

Commenced role

September 2021

Skills and experience

Aisling has considerable investment banking, capital markets and financial services experience. She is currently a Director of Rothschild & Co. Equity Markets Services Ltd., COO of the Equity Advisory business and a Director in the Investor Advisory team. During her 11 years at Rothschild & Co. she has also held the positions of Vice President, Corporate Development & Strategy and Vice President in the Financial Institutions M&A team. Aisling is a trustee of Kiftsgate Court Gardens and Estate, holds a Master's in Finance from the London Business School and qualified as a chartered accountant with PricewaterhouseCoopers.

Other relevant external appointments

Rothschild & Co. Capital – director

Kiftsgate Court Gardens and Estate – trustee



Committee Membership

- ☒ A Audit committee
- ☒ D Disclosure committee
- ☒ E Executive committee
- ☒ R Remuneration committee
- ☐ Chair of committee

Leadership team

Image removed

Kara Alderin

Director of Operations

Kara oversees the operations of the pubs with hotels, stretching from Wandsworth to the South West of England and the more recently acquired Cotswolds pubs and hotels. Kara has specific responsibility for inspiring and delivering individual business plans across our pub estate, succession and development of operations managers, sales and profits, capital development investments, compliance, menu evolution and marketing, development of Young's hotels and bedroom growth and capital expenditure strategy.

Kara studied hospitality management and joined Young's in July 2020 having previously worked for Abokado and Fullers.

Image removed

Tom Durham

Director of Retail Finance & Planning

Tom provides financial support to the Chief Financial Officer and the pub operations team. He manages a team of eight people leading on areas such as budgeting and forecasting, financial reporting, business partnering and commercial finance.

Tom is a qualified accountant and joined Young's in October 2014 having previously worked for Marriott International and SSP Group plc.

Image removed

Stuart Gallyot

Director of Property

Stuart heads up the property team and has overall responsibility for delivering the capital expenditure and development plans for existing pubs, acquisitions of new pubs in premium locations, maintenance of the buildings and estate management.

Stuart is a Chartered Surveyor and joined Young's in November 2021. He has thirty years' experience in the licensed trade having previously worked for Stonegate, Ei Group, Punch Taverns, and Scottish & Newcastle Retail.

Image removed

Gail Khan

Director of HR

Gail oversees the HR function, including HR support, policy design, senior employee relations support, coaching and development.

Gail is an accredited mediator, MBTI and Thomas International practitioner and feedback facilitator. Gail joined Young's in May 1995 and currently sits on the board of RBT II Trustees Limited and is a trustee of the pension and life assurance schemes.

Leadership team continued

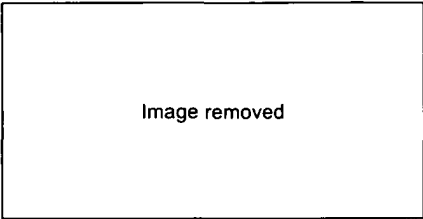


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Chris Knights

Director of Food

Chris has responsibility for the group's food operations including development of food menus, suppliers, delivering health & safety within the business, overseeing the succession and development of chefs and kitchen teams and ensuring the appropriate training & development programmes are put in place.

Chris is a chef by trade and joined Young's in April 2011 having previously worked within food service, retail and an array of restaurants and pubs.

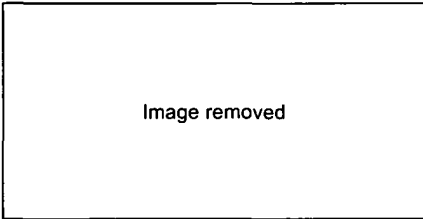


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Mark Loughborough

Senior Director of Operations

Mark oversees the operations of the Central London and City pubs as well as food-led pubs in home counties. In his division, Mark has specific responsibility for the succession and development of operations managers, oversight of sales and profits, oversight of capital expenditure development investments and ensuring return on investments, ensuring pubs are legally compliant, development of products and food menus, integration of new acquisitions and identifying potential acquisitions.

Mark has a BSc in Business Economics and joined Young's as an Operations Manager in February 2011 having previously worked in various sectors of the industry.

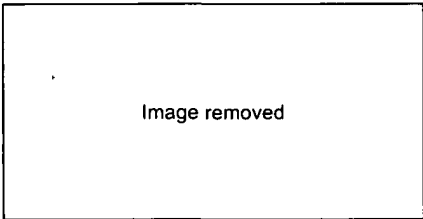


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Gillian McLaren

Director of Marketing

Gillian leads the group marketing strategy and is responsible for driving premium value through individuality, consistency, brand awareness, growing and strengthening our community of advocates and broadening reach through digital and sales conversion. Gillian is also responsible for commercial procurement of our premium drink offer and maximising commercial value.

Gillian is a Fellow of the Chartered Institute of Marketing and joined Young's in August 1998 having previously worked for Scottish & Newcastle plc, Courage Limited, KLM Royal Dutch Airlines & TrustHouse Forte.

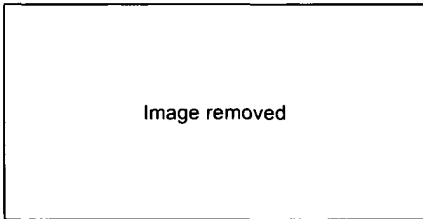


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Patricia (Trish) Moody

Director of Operations

Trish oversees the pub operations of the North, West, South East and pockets of South West London regions. The division is famous for its canal, Thames-side pubs and large beer gardens. In her division, Trish has specific responsibility for the succession and development of operations managers, oversight of sales and profits, oversight of capital expenditure development investments and ensuring return on investments, that pubs are legally compliant, development of products and food menus and integration of new acquisitions.

Trish has an honours degree in Hospitality Management and joined Young's as an Operations Manager in January 2009 having previously worked at Scottish & Newcastle plc.

Corporate governance report

Leadership

Board composition

Details of those on the board, including their skills and experience, appear on pages 54 to 56.

The role of the board and its committees

The board

The board is collectively responsible for the success of the company and the business and management of the group. Its role includes:

- approving the group's long-term objectives, commercial strategy and annual budgets;
- overseeing the group's operations, ensuring competent and prudent management, sound planning, adequate accounting and other records, and compliance with statutory and regulatory obligations;
- ensuring maintenance of sound management and internal control systems; and
- approving acquisitions and disposals.

The board takes a long-term outlook and sees itself as responsible to a wide range of stakeholders, whilst pursuing its objectives in a manner consistent with its statutory duties, for the benefit of the company's members as a whole.

The board governs mainly through its executive management and via committees, the principal ones of which are listed below.

Executive committee

It is responsible for the daily running of the group and the execution of approved policies and the business plan. It usually meets weekly, with members of staff invited to attend as appropriate. Additional meetings are held as required.

Chair

Patrick Dardis

Audit committee

Its primary focus is on external corporate reporting and on monitoring the company's internal control and risk management systems. Further details on the committee's responsibilities and activities are on pages 66 to 71.

Chair

Ian McHoul

Remuneration committee

Its primary function is to determine, on behalf of the board, the remuneration packages of the executive directors. Further details on the committee and the company's reward policy are on pages 72 to 74.

Chair

Nick Miller

Disclosure committee

Its primary function is to assist the company in making timely and accurate disclosure of information required to be disclosed in order to meet legal and regulatory obligations.

Chair

Mike Owen

Other members

Mike Owen
Simon Dodd
Tracy Dodd

Other members^{1, 2, 3, 4}

Nick Miller
Aisling Meany

Other members^{1, 2, 3}

Ian McHoul
Aisling Meany

Other members

Patrick Dardis
Simon Dodd
Tracy Dodd

¹ Roger Lambert stepped down from the board and ceased to be a member of this committee in July 2021.

² Aisling Meany was appointed to the board in September 2021 and was appointed to the audit committee and remuneration committee on 15 September 2021.

³ Torquil Sligo-Young ceased to be a member of this committee in March 2022.

⁴ Stephen Goodyear ceased to be a member of this committee in March 2022.

The terms of reference for the audit, remuneration and disclosure committees can be found in the investors section of www.youngs.co.uk. The executive committee has no formal terms of reference.

Corporate governance report continued

Board meetings and reserved matters

Meetings

The board meets every two months, with additional meetings arranged as required. It met seven times during the period, excluding the strategy meeting held in the autumn. Most meetings take place at Copper House; occasionally, they are held at one of the group's pubs, thus providing the board with further opportunities to keep up-to-date with the group's business and how particular pubs are performing.

Formal meeting agendas, made up of regular and other specific business matters, and supporting packs were provided to board members sufficiently in advance of each meeting to ensure there was time for these to be reviewed. The agendas were prepared by the company secretary and agreed with the chairman and the chief executive.

Included in the pack for each of the board's scheduled meetings was a report from the chief executive, a summary of financial performance in the year to date, a latest financial forecast, a report from the chief operating officer, a health and safety report, a people report and details of any material claims against the group. At the meetings, the executive directors expanded upon what was covered in their reports, and the company secretary updated the board on matters for which he was responsible. The chairs of the company's audit, remuneration and disclosure committees also reported formally on the proceedings of their committees and minutes of those committee meetings were also circulated to members of the board.

From time to time, members of staff are invited to attend board meetings to give presentations and/or provide updates on developments in their areas of responsibility. During the year the board has received strategy presentations from the Director of Marketing, Director of Food, Director of Property, the Operations Directors and regular ESG updates from the Company Secretary. Open and constructive debate in meetings was always encouraged by the chairman and he ensured that matters were challenged and discussed before any decision that needed to be made was made.

The formal flow of information in board meetings was in addition to information exchanged outside of those meetings, often in relation to ad hoc matters that needed considering between meetings. The directors also received, usually on a weekly basis and while the business remained 'open', the group's sales numbers and, on a monthly basis, a management accounts pack that included a summary of the group's financial and non-financial performance, sales information for drink and food for the periods when the business was operating, and the group's financial position and cash flow. The non-executives also met with one or more of the executive directors outside of board meetings.

Autumn strategy meeting: this in-depth meeting gives management and the non-executives an opportunity to discuss a variety of matters. Once the strategy is agreed, management is able to build the budgets for the following year and develop longer-term plans. J.P. Morgan Cazenove attended this year's strategy meeting and the key matters covered included:

- the group's long-term business plan and a re-affirming of the group's strategy and business model;
- the group's equity and capital structure;
- the group's acquisition strategy and the market and acquisition opportunities that could possibly arise; and
- the challenges facing the business.

Throughout the period, the board had a procedure in place enabling it to consider and authorise situations where a director had an interest that conflicted, or could possibly conflict, with the interests of the company; this is set out in article 63 of the company's articles of association.

Matters reserved for the board

The board maintained a formal written schedule of matters reserved for its review and approval; this schedule includes those matters described on page 59 under *The role of the board and its committees*, as well as those in the following table:

Category	Examples
Strategy and management	Extension of the group's activities into new business or geographic areas; cessation of the operation of all or any material part of the group's business.
Structure and capital	Changes relating to the group's capital structure; major changes to the group's corporate or management and control structure; changes to the company's listing or its status as a plc.
Financial reporting and controls	Approval of the following: annual report and accounts, preliminary announcements of results, significant changes in accounting policies or practices, treasury policies, certain unbudgeted capital or operating expenditure; declaration or recommendation of dividends; review and approval of expenditure authorisation limits.
Contracts	Contracts in the ordinary course of business material strategically or by reason of size; contracts not in the ordinary course of business; major investments.
Communication	Approval of resolutions, circulars, prospectuses and press releases concerning matters decided by the board.
Board membership and other appointments	Changes to the structure, size and composition of the board; ensuring adequate succession planning for the board and senior management; board appointments; selection of the chairman and the chief executive; appointment of the senior independent director; membership and chair of board committees; continuation in office of directors; appointment or removal of the company secretary; appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee.
Remuneration	Approving the remuneration policy for the directors; determining the initial remuneration of the non-executive directors; introduction of new share incentive plans or major changes to existing plans.
Delegation of authority	Division of responsibilities between the chairman and the chief executive; establishing board committees and approving their terms of reference.
Corporate governance	Undertaking any formal and rigorous review of the board's own performance, that of its committees and individual directors, and the division of responsibilities; determining the independence of non-executive directors; review of the group's overall corporate governance arrangements; authorising conflicts of interest where permitted by the company's articles of association.
Policies and procedures	Approval of the following: manual on compliance with the AIM Rules and aspects of the UK Market Abuse Regulation, company's insider list manual, dealing code, anti-bribery policy, whistleblowing policy and health and safety policy.

Corporate governance report continued

Directors and company secretary

Roles and responsibilities

There is a clear division of responsibility at the head of the company.

Chairman

Is responsible for:

- leading an effective board;
- fostering a good corporate governance culture;
- creating an environment for open, robust and effective debate; and
- ensuring appropriate strategic focus and direction.

Senior independent director

Acts as a sounding board for, and provides support and advice to, the chairman and other board members. Also available to shareholders and any of the directors should they have a question or concern that cannot be raised through the normal channels.

Non-executive directors

Are required, amongst other things, to constructively challenge and contribute to the development of strategy, to scrutinise the performance of management in meeting agreed goals and objectives and to monitor the reporting of performance. They play their part by being knowledgeable business people who bring a wide range of skills and experiences to the board.

Chief executive

Has overall responsibility for:

- proposing the strategic focus to the board;
- implementing the strategy once approved;
- managing the group's business; and
- advancing long-term shareholder value, supported by the management team.

Executive directors

All have particular roles and areas of responsibility – see pages 54 and 55. They are responsible for the day-to-day running of the business.

Company secretary

The company secretary is responsible for the following in respect of effective board operation:

- ensure good information flows within the board and its committees between senior management and non-executive directors;
- facilitate directors' induction and assisting with ongoing training and development; and
- to advise the board through the chairman of all corporate governance developments.

Attendance at board and committee meetings

Meeting attendance	Board	Audit committee	Remuneration committee
Number of meetings	7	3	5
Stephen Goodyear*	7/7	2/2	–
Patrick Dardis	7/7	–	–
Mike Owen	7/7	–	–
Simon Dodd	7/7	–	–
Tracy Dodd	7/7	–	–
Roger Lambert**	2/2	1/1	3/3
Nick Miller	7/7	3/3	5/5
Ian McHoul	7/7	3/3	5/5
Torquil Sligo-Young***	7/7	2/2	3/3
Aisling Meany****	5/5	2/2	2/2

* Stephen Goodyear stepped down as a member of the audit committee in March 2022 – he attended all meetings of that committee he was eligible to attend.

** Roger Lambert stepped down from the board in July 2021 – he attended all meetings he was eligible to attend.

*** Torquil Sligo-Young stepped down as a member of both the audit and remuneration committees in March 2022 – he attended all committee meetings he was eligible to attend.

**** Aisling Meany joined both the audit and remuneration committees in September 2021 – she attended all meetings she was eligible to attend.

Independence

Based on its experience, the board stresses that all the non-executive directors act independently in character and judgement. It is accepted though that only Nick Miller, Ian McHoul and Aisling Meany can be considered independent when judged against corporate governance best practice.

Having previously been the company's chief executive, Stephen Goodyear is not deemed independent. The board believes that it is important for a company like Young's to have continuity and an understanding of the history and traditions of the company. Stephen will be an invaluable support to our new chief executive as he transitions from chief operating officer. Torquil Sligo-Young is not independent for similar reasons, as he was an executive director of the company. Torquil plays an important role on the board. Not only does he retain a long-standing family shareholding, he is also the company's link with the Young's family who retain a significant stake in the company.

Balance and size

In view of the relevant experience, skills and personal qualities and capabilities that each director brings to the board (as summarised on pages 54 to 56) the directors consider that the board is well-balanced, and no single person dominates discussions.

The company has appointed the executive search firm, Egon Zehnder, to assist the company in identifying and recruiting a further female independent non-executive director. Not only will this strengthen the independence of the board, but it will also increase female representation. The graph on page 29 of the sustainability report illustrates the gender diversity amongst the board.

Nominations, appointments and inductions

Typically, the chairman and the chief executive lead on the board nomination and appointment process. They consider the balance of skills, knowledge and experience on the board and make appropriate recommendations for consideration by the whole board. Each board member is invited to meet with the candidate. This process has been used effectively for a number of years and has led the board to remain of the view that it should continue to operate in this way rather than through a more formal nomination committee. During the period, Egon Zehnder, was appointed to assist the company in identifying and recruiting a female independent non-executive director who would complement the existing experience, skills and personal qualities and capabilities on the board. After a thorough interview process the board approved the appointment of Aisling Meany as an independent non-executive director and she joined the board on 1 September 2021.

On 16 March 2022, the board announced that Simon Dodd would succeed Patrick Dardis as chief executive with effect from 5 July 2022. Simon, the company's chief operating officer, had been recruited in 2019 with succession in mind. Having impressed the board and fully immersed himself within the business, Simon was the obvious choice to succeed Patrick as chief executive.

The importance of diversity, including gender balance, is acknowledged in making any appointment – against this background, the board believes that appointments should be merit-based against the selection criteria created for any given role.

Other senior appointments below board level are made by the chief executive in discussion with the chairman.

Subject to the company's articles of association, shareholders can, by passing an ordinary resolution, appoint any willing person as an additional director or as a replacement for another director.

New directors undertake a tailored induction programme, as appropriate, and receive education and training on the AIM Rules from the company's nominated adviser. The company secretary will spend time with any new director, ensuring they understand the key policies and procedures they need to comply with, and they also provide the new director with an induction pack covering or containing a variety of matters, including:

- regulatory matters (e.g. the company's articles of association, the AIM Rules, the company's manual on compliance with the AIM Rules and aspects of the UK Market Abuse Regulation, the company's dealing code, the company's insider list manual and a note on directors' duties);
- internal policies (e.g. anti-bribery; pub purchases, pub refurbishment projects and schedule of matters reserved for the board);
- internal information (e.g. diary dates and D&O certificates);
- public information (e.g. latest annual and interim reports and any circulars issued in the last 12 months); and
- terms of reference for the audit, remuneration and disclosure committees.

Re-appointment of directors and notice periods

Once appointed, the company's articles of association ensure that any new director is subject to re-appointment by the company's voting shareholders at the next AGM. This year, Aisling Meany will be seeking re-appointment at the AGM. Directors are subject to a further re-appointment vote at every third AGM after that – this applies to Patrick Dardis (even though he is stepping down from the board in September) and Stephen Goodyear at this year's AGM. Both are seeking re-appointment.

Subject to shareholder re-appointment, the executive directors have been appointed for indefinite periods. They are generally entitled to not less than one year's notice if the company wishes to terminate their appointment; in return, they must give not less than one year's notice if they wish to leave.

Corporate governance report continued

The non-executive directors have been appointed for fixed terms which are terminable earlier by them or the company giving not less than six months' notice and they are likewise subject to shareholder re-appointment. The expiry dates of their current fixed terms are as follows:

Non-executive director	Fixed term expiry date
Stephen Goodyear	3 April 2023
Nick Miller	3 April 2023
Ian McHoul	23 January 2024
Torquil Sligo-Young	30 September 2023
Aisling Meany	31 August 2024

Time commitment

The executive directors are expected to devote substantially the whole of their time, attention and ability to their duties, whereas, as one would expect, the non-executives have a lesser time commitment. Apart from the chairman, who has agreed to spend 30-50 days a year on work for the company, it is anticipated that each of the non-executives will dedicate 15 days a year. The non-executive directors have all confirmed that they are able to allocate sufficient time to meet the expectations of their role, and they are required to obtain the chairman's agreement (or, in the case of the chairman, the chief executive's agreement) before accepting additional commitments that might affect the time they are able to devote.

Service contracts and letters of appointment

Copies of the executive directors' service contracts and copies of the letters of appointment of the non-executive directors are available for inspection at the company's registered office.

Training and development

From time to time, the directors, as appropriate, attend training courses, conferences and/or industry forums, read technical and other journals and undertake online learning to keep up to date on various matters. They also attend relevant specialist briefings, some of which form part of board and executive committee meetings. The directors, executive and non-executive, regularly spend time out in the trade with fellow directors, shareholders, members of staff, colleagues and friends: this helps them to keep up to date with the group's operations, developments in the market and the competition.

Once a year, the company secretary provides education and training to the executive directors on the company's manual on compliance with the AIM Rules and aspects of the UK Market Abuse Regulation, and to all the directors on the company's dealing code. The company's nominated adviser also provides education and training to all the directors annually on the AIM Rules.

Advice

Subject to certain limitations, all the directors are entitled to obtain independent professional advice at the company's expense.

J.P. Morgan Cazenove and Slaughter and May are long-standing advisers to the board. The former is the company's nominated adviser and joint broker; in its capacity as nominated adviser, it is responsible to the London Stock Exchange for providing advice and guidance in relation to the company's continuing obligations resulting from its admission to AIM. Slaughter and May is an international law firm headquartered in London that the board calls on for legal advice and services from time to time.

Performance evaluation

During the prior period, the board carried out its second formal review of the effectiveness of its performance as a unit. The first review was undertaken in 2018. Each individual director's performance was also appraised. The overall review process was led by the chairman, and was conducted by him, the senior independent director and by the chief executive.

The third performance evaluation will take place during the second half of the year. The evaluation will involve the completion of a questionnaire on an anonymous basis by each director, with anonymity intended to encourage more open and constructive comment. Details of the outcome and actions flowing from the review will be disclosed in next year's annual report.

As required by its terms of reference, the audit committee carried out a review of its own performance, as well as its constitution and terms of reference to ensure it was operating at maximum effectiveness. Some minor changes were proposed and put to the board for approval.

Throughout the year, the chief executive informally appraised the individual performance of each of the other executive directors as part of his regular 1:1 meetings with them. Individual development needs were discussed, as well as areas in which the executives could seek mentoring guidance.

Liability insurance cover for directors and officers

The company maintains, at its own expense, insurance cover in respect of legal action against its directors and officers.

Risk

The board as a whole oversees risk. With the chief executive having overall responsibility for implementing the group's strategy, it is the executive committee, as a group under his leadership, that is primarily responsible for keeping abreast of developments that may affect delivery of that strategy (especially in terms of their likelihood and impact), identifying any mitigating actions that could be taken and then ensuring, as far as possible, those actions are taken – here the executive team's experience and management, collectively and individually, is vital. That informal process then feeds through to the whole board when it considers, on an annual basis, the list of principal risks and uncertainties for inclusion in the strategic report (see pages 40 to 43). Additionally, the executive committee regularly considers the group's financial controls memorandum – this comprehensive and internally-focussed document identifies a number of finance-related risks and, for each of them, sets out the potential business impact, potential for occurrence, what mitigating controls are in place and who within the business has responsibility for managing the control. That document is considered by the audit committee before being submitted to the board for approval. Although the board has overall responsibility for the group's systems of internal control and risk management and for reviewing their effectiveness, the audit committee performs an important role in monitoring those systems – a summary of what the committee did during the period in this regard is in the *Audit committee* section starting on page 66.

Shareholder relations

Copies of the annual report (which includes the notice of AGM) and the interim report are made available to all shareholders and they can be downloaded from the investors section of www.youngs.co.uk. Other information for shareholders and interested parties is also provided on the company's website, including the preliminary and half-year results presentations to the City.

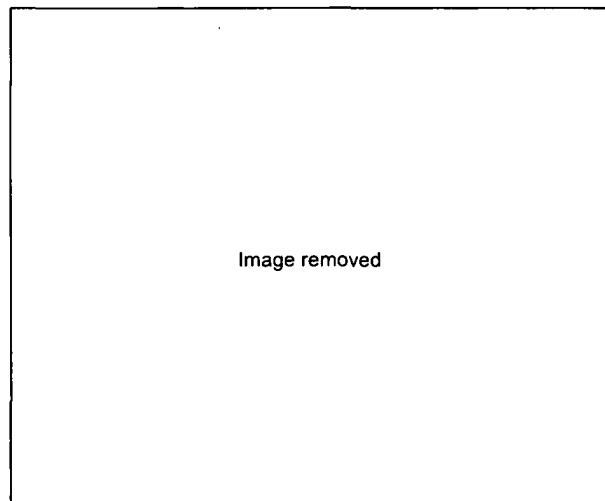
The company has an ongoing programme of individual meetings with institutional shareholders and analysts following the preliminary and half-year results presentations to the City. These meetings allow the chief executive and the chief financial officer to update shareholders on strategy and the group's performance. Additional meetings with institutional investors and/or analysts are arranged from time to time. All board members receive copies of feedback reports from the City presentations and meetings, thus keeping them in touch with shareholder opinion.

Stephen Goodyear, Patrick Dardis and Torquil Sligo-Young are the key contacts with the company's family shareholders, with Torquil having an important role to play in keeping them abreast of developments within the business. Nick Miller, as the senior independent director, and the other non-executive directors are all willing to engage with shareholders should they have any questions or concerns that are not resolved through the normal channels. The company secretary can also be contacted by shareholders on matters of governance and investor relations.

The board particularly supports the use of the AGM to communicate with private investors. The AGM is well attended, and all shareholders are given the opportunity to ask questions and raise issues; this can be done formally during the meeting or informally with the directors after it.

At the AGM, the company proposes a separate resolution on each substantially separate issue. For each resolution, proxy appointment forms are issued which provide voting shareholders with the option to vote in advance of the AGM if they are unable to attend in person. All valid proxy votes received for the AGM are properly recorded and counted by Computershare, the company's registrar. All resolutions proposed at the meeting will be decided on a poll in accordance with the current recommended best practice. As soon as practicable after the conclusion of the AGM, the results of the meeting are released through a regulatory information service and a copy of the announcement is posted on the Company News page within the investors section of www.youngs.co.uk. This announcement also provides, for information, details of the total number of voting shares in issue and the number of shares in respect of which valid proxy appointments were received; a table is included showing the number of votes for and against each resolution and also the number within the chairman's discretion – excluded from the table are abstentions/votes withheld and proxy appointments received from holders who appointed someone other than the chairman of the meeting as their proxy.

Audit committee



“Having returned to a degree of normality in the period, a key focus for the committee was to continue to ensure the adequacy and appropriateness of the group’s systems of internal control and risk management.”

Ian McHoul
Committee Chair

Areas of responsibility

The committee’s responsibilities are split into four main areas, with the following principal tasks:

Financial reporting

- Monitoring the integrity of the company’s financial statements and results announcements, including reviewing any key accounting and audit judgements and assumptions made regarding going concern
- Advising the board on whether, taken as a whole, the content of the company’s annual report is fair, balanced and understandable, and whether it provides members with the information necessary to assess the company’s financial position, performance, business model and strategy
- Reviewing the consistency and appropriateness of, and any changes to, accounting policies and practices

Internal control and risk management

- Monitoring the integrity, adequacy and effectiveness of the company’s internal control and risk management systems
- Reviewing the company’s systems, procedures and controls for detecting fraud and for the prevention of bribery
- Reviewing the adequacy and security of the company’s arrangements for its employees and contractors to raise concerns in confidence about possible wrongdoing in financial or other matters

External audit

- Overseeing the company’s relationship with Ernst & Young LLP (‘EY’), the external auditor, reviewing the effectiveness of the company’s external audit process, along with EY’s findings, and assessing EY’s independence
- Recommending to the board the appointment, re-appointment and removal of the company’s external auditor
- Approving the terms of engagement of, and the remuneration to be paid to, the company’s external auditor

Internal audit

- Reviewing, assessing and approving the company’s internal audit plan and monitoring and assessing the effectiveness of the company’s internal audit function in the context of the company’s overall risk management system
- Reviewing periodically reports on the results from the internal audit manager’s work

These and the committee's other duties are set out in the committee's terms of reference which can be found in the investors section of www.youngs.co.uk.

Major tasks

During the period, the major tasks undertaken by the committee comprised reviews of the following:

- ☑ the group's preliminary announcements of interim and final results, and the results themselves, all prior to review by the board;
- ☑ the appropriateness of adopting a going concern basis of preparation of the financial statements;
- ☑ the value of the group's freehold pub estate;
- ☑ deferred tax arising on the valuation of the group freehold pub estate;
- ☑ asset impairment assessments for goodwill, right-of-use assets and fixtures and fittings;
- ☑ acquisition accounting and disclosures for the Lucky Onion pubs and hotels;
- ☑ EY's performance as the company's external auditor and the effectiveness of the audit process;
- ☑ the group's systems of internal control and risk management;
- ☑ the group's financial controls memorandum;
- ☑ the group's whistleblowing procedures and the group's internal procedures and controls for detecting fraud and preventing bribery;
- ☑ the company's internal audit plan and the changes made to it in light of the ongoing pandemic and closure of the group's estate;
- ☑ the results of various internal audit findings;
- ☑ the group's information systems security arrangements, including an updated systems security management policy; and
- ☑ the committee's own performance and the independence, financial literacy and other skills and experience of the committee's members.

The committee considered the impact of climate change on the company and potential ESG costs.

The committee also considered, and put forward for approval by the board, updated terms of reference which contained some minor amendments.

After ensuring it was aligned to the key risks of the company's business, the committee agreed an internal audit plan for FY2022/23.

The committee continued to oversee EY so as to ensure the delivery of a robust audit plan.

Committee membership

The committee, chaired by Ian McHoul, comprises the board's three independent non-executive directors. All served on the committee throughout the period apart from Aisling Meany who joined in September 2021. The members of the committee consider that they have the requisite skills and experience to fulfil the committee's responsibilities. Roger Lambert was on the committee until he stepped down from the board in July 2021. Stephen Goodyear and Torquil Sligo-Young stepped down from the committee at the March 2022 meeting.

Committee meetings and attendance

The committee met three times during the period (in May, November and March) and the table on page 62 sets out each member's attendance record. The chief executive (or his successor) and the chief financial officer joined all the meetings to report on their areas. The company's external audit partner and audit senior manager at EY joined the May and November meetings as these related to the group's full-year and half-year results; the company's external audit partner also joined the March meeting to provide an update on corporate reporting and regulatory matters. Other senior members of staff joined the meetings, as appropriate. At some of the meetings, the committee met separately with the group's internal audit manager and with representatives from EY, in each case without any member of the group's executive management present; this gave the committee the opportunity to raise any concerns it had and any issues arising from their work.

Audit committee continued

Advice, guidance and information

Formal agendas and reports are provided to the committee generally a week before its meetings, along with other information to enable it to discharge its duties. The following are the most significant items of information, documents and reports provided to the committee during the period:

Financial reporting and external audit	Internal control and risk management	Internal audit
Reports from the chief financial officer on various matters, including key accounting matters and judgements, the company's going concern status and loan covenant compliance	Changes to the financial controls memorandum	Progress reports on FY22 internal audit plan including results of internal audit reviews, the effectiveness of controls and various risks associated with them
Full and half-year review reports, including findings, prepared by EY	Whistleblowing procedures including their effectiveness	An actions tracker for any outstanding matters as a result of findings made
Review of EY independence, draft engagement and management representation letters	IT systems security update	An internal audit plan for FY23
Financial year-end audit planning report prepared by EY	Operational support managers' audit results	
An update on the BEIS consultation on the corporate reform and corporate governance		
Schedules of non-audit work performed by EY		

2021 financial statements – Financial Reporting Council ("FRC") thematic review

During the period, the company received a letter from the FRC confirming that it had completed its thematic review of the company's disclosures relating to alternative performance measures for the financial year ended 29 March 2021. Due to the inherent limitations, these reviews are not intended to provide assurance that corporate accounts are correct in all material respects. The FRC confirmed that there were no questions or queries that it wished to raise with the company at that stage. No further correspondence has been received.

Significant matters considered in relation to the financial statements

The following table sets out what the committee regards as the significant matters considered by it in relation to the group's financial statements and how they were addressed.

Matter	How this is addressed
Going concern assessment	The group adopted the going concern basis of reporting in the preparation of the financial statements. The committee reviewed various scenario-based models underpinning the going concern assumption, the impact on the group from cost inflation, the growth rate of the business, the resulting impact on cash flow and the overall capital position of the group. Note 26(b) on page 125 sets out the banking facilities that the group has available. The group expects, by the end of June 2023 (the 'going concern' period), to have available facilities of £235.0 million having replaced the £30.0 million term loan due to expire in March 2023 with a new facility of equal value. EY reported to the committee on the cash flow forecast models prepared by management and evaluated whether the assumptions were realistic, achievable, and consistent with the external and internal environment. As a result of the above, the committee was satisfied that the going concern basis of reporting was appropriate.
Value of the group's pub estate	This number is by far the largest number on the balance sheet at 28 March 2022; note 19 on page 118 explains the valuation exercise undertaken. The committee focussed its attention on understanding and challenging the annual valuation exercise and the appropriate accounting approach and disclosures; it did this by reviewing the approach, the key assumptions, the valuation reports, and other documentation analysing the outcome of the exercise. Management's valuation process, which was supported by the company's valuation experts, was also checked by EY's property specialist, enabling EY to report to the committee that the valuation exercise was in accordance with accounting standards and in line with common practice in the industry. As a result of the above, the committee was satisfied that a thorough and robust valuation exercise had been undertaken, with appropriate challenges by EY and the committee, and that appropriate values were reflected in the balance sheet at 28 March 2022.

Matter	How this is addressed
Deferred taxation	Management, with help from the group's in-house tax manager, made certain judgements and produced detailed calculations supporting the estimated deferred tax movement and year-end balance. The workings supported the deferred tax liability on the rollover relief and property revaluations on each pub, as well as the treatment of capital losses, indexation and initial recognition exemptions. EY audited these calculations and workings. The outcome was that the committee was satisfied that the deferred tax provision shown in the balance sheet at 28 March 2022 was appropriate.
Asset impairment	Management completed full impairment tests on certain categories of assets across the group's pub estate which included goodwill, right-of-use assets and fixtures and fittings. Having used both internal and external factors in the impairment testing, including preparing a financial model and forecast on the future growth prospects, management's assessment found there to be no impairment required. EY then corroborated those qualitative and quantitative factors against industry knowledge, prior year audit conclusions and EY's expectations, as well as full-year trading performance and future forecasts. The committee acknowledged that certain adverse changes to the assumptions in the impairment tests could result in a future impairment of those assets, but concluded that, at this stage, no impairment was necessary, and the disclosures reflected those sensitivities – note 18 on page 116 sets out further information on these sensitivities.
Acquisition of Lucky Onion pubs and hotels	During the period the group purchased six pubs and hotels from the Lucky Onion group. The acquisition was accounted for as a business combination and involved several judgements, particularly in identifying and determining the fair value of the assets acquired and liabilities assumed. EY reported to the committee on the assets and liabilities acquired and were satisfied that the identified assets and values were complete and accurate. The committee ultimately concluded that the disclosures made in the balance sheet at 28 March 2022 are in accordance with IFRS 3.

EY's audit report on pages 82 to 89 provides further detail on how some of the above matters were addressed.

Non-audit work carried out by EY

Throughout the period, the company had a formal policy in respect of non-audit work carried out by EY whilst appointed as the company's external auditor; this was in place to mitigate any risks threatening, or appearing to threaten, EY's independence and objectivity arising through the provision of services in addition to the statutory audit. Non-audit services are generally prohibited to be performed by EY unless they fall within a narrow list of permitted services closely related to the audit and/or required by law or regulation; there are then additional safeguards that apply so as to avoid, amongst other things, EY auditing its own work and/or making management decisions for the company. Where the carrying out of certain work is permitted, the committee must still nevertheless approve the engagement. During the period, the company engaged EY for a limited amount of non-audit work comprising the FY2022 interim review, preparation of turnover rent certificates for the Bull (Westfield (Shepherd's Bush)) and the Cow (Westfield (Stratford)), and provided a subscription to a library of accounting information and guidance. The total fees paid to EY during the period for non-audit services amounted to £40k being 10.0% of total fees paid to EY during the period (2021: £39k and 13.0%). In the committee's view, the nature and extent of the non-audit work carried out by EY did not impair their independence or objectivity.

Audit committee continued

Qualification, objectivity, independence etc. and proposed re-appointment of EY

The committee felt that the qualification, expertise, resources and effectiveness of EY were appropriate in the context of the group wanting an effective and high-quality service, and that EY was independent of the group and not reliant on fees from the group. The committee concluded that EY's work had been robust and perceptive, with EY's reports showing a good understanding of the company's business. As part of its assessment process, the committee:

- ☑ reviewed the audit plan for the period ended 28 March 2022 as regards the activities to be undertaken by EY and EY's final audit results report, and considered how EY had handled the key accounting and audit matters that had arisen;
- ☑ had been provided with a copy of the Financial Reporting Council's July 2021 audit quality inspection report in respect of EY and a copy of EY's published audit quality and transparency reports for the UK;
- ☑ reviewed an independence report prepared by EY, which contained all significant facts and matters bearing upon EY's integrity, independence and objectivity that EY was required to communicate to the company as per the FRC Ethical Standard and ISA (UK) 260 "Communication of audit matters with those charged with governance";
- ☑ considered EY's proposed fees for the group's audit for the period ended 28 March 2022 and the additional non-audit services for that same period; and
- ☑ obtained the views of management.

The fees paid to EY for audit services for the period ended 28 March 2022 were £0.4 million (2021: £0.3 million).

As a result of the above assessment process, the committee has recommended the re-appointment of EY as the company's auditor, and EY has expressed its willingness to continue. A resolution to re-appoint EY and a resolution to enable the directors to set EY's remuneration will therefore be proposed at the forthcoming AGM.

Audit firm and partner rotation

The external auditor is required to rotate the audit partner responsible for the engagement every five years. The current audit partner (Jon Killingley) will rotate off the engagement following the conclusion of the FY2021/22 audit and his successor (Katie Dallimore-Fox) will shadow him through the audit.

In August 2018, the committee decided that the group's statutory audit for the financial year ending 2020 should be put out to tender as EY had been in office, as auditor, for more than 15 years. This was a matter of good corporate governance and the committee being satisfied with EY's qualification, objectivity, independence and overall service. The tender process followed best practice guidance issued by the Financial Reporting Council. In mid-December, the committee concluded that it was appropriate to recommend the re-appointment of EY as the company's auditor.

The committee intends to conduct an audit tender in advance of its March 2028 year-end, which will be within ten years of the last tender process.

Risk and internal control

The board has overall responsibility for the group's systems of internal control and risk management and for reviewing their effectiveness. These systems cannot eliminate risk and are therefore designed to minimise and manage it – they provide reasonable but not absolute assurance and seek to:

- mitigate risks which might cause the failure of business objectives;
- prevent material misstatement or loss;
- help safeguard assets against unauthorised use or disposal;
- ensure the maintenance and reliability of proper accounting records and financial information used within the business or for publication; and
- help achieve compliance with applicable laws and regulations.

The executive directors are responsible for implementing and maintaining the systems, and the committee assists the board in fulfilling its oversight responsibilities by monitoring the systems' integrity.

The group's strategic priorities and their connection to the principal risks and uncertainties facing the business are listed on page 40. This is not an exhaustive list of all significant risks and uncertainties; some may currently be unknown (as was originally the case with the covid-19 outbreak) and others currently regarded as immaterial could turn out to be material.

The following is an overview of the main parts of the group's systems of internal control and risk management:

- clearly defined reporting lines up to the board;
- clearly set levels of authorisation throughout the business;
- a detailed financial controls memorandum;
- the preparation of a comprehensive annual budget and the preparation of a vision document which is reviewed and approved by the executive directors and then further reviewed and approved by the board;
- the circulation of monthly management accounts, including commentary on significant variances, updated profit and cash flow expectations for the year and actual capital expenditure compared to budget and signed-off sums;
- a detailed investment approval process requiring board authorisation for all pub purchases and major projects (with regular performance reviews of invested pubs for a certain period post-investment);
- board approval for disposals;
- regular reporting of material claims and legal and accounting developments to the board;
- regular circulation of the group's anti-bribery policy to head office employees and pub general managers, and assessment of head office employees' understanding of that policy;
- the group's internal audit function and the group's in-house team of operations support managers; and
- had ongoing health and safety audits and monitoring of accident statistics, with audit results being a standing item at board meetings.

The group's internal audit manager sits within the finance team, with a clear line of communication to both the chair of the committee and the company secretary, remaining independent of the areas under review. He performs internal reviews of financial, compliance and operational areas according to a programme set by the committee, following input from the chief financial officer. Audit findings, management responses and progress on recommended actions are presented to the committee. Management may supplement the internal resource for these reviews with specialist external resources; however, none were perceived as being required during the period. The internal audit manager also reviewed the design and operation of the group's key controls, as documented in the group's financial controls memorandum. The results of this work were shared with the executive directors concerned and with the committee; with that committee's approval, the memorandum was updated.

Throughout the period, a team of operations support managers (led by the internal audit manager) undertook a programme of retail audits across the managed house estate. Through these audits, they independently reviewed compliance with business policies, and they provided best practice support to pub management, principally in the areas of stock and cash management. The team holds relevant knowledge and experience to perform this role, drawn from their time as members of the finance department after employment in one or more of the group's pubs. Summary retail audit results for the group's operating divisions are presented regularly to senior management, including the executive directors.

Regular updates on the progress of a number of projects to enhance the security of the group's IT infrastructure were presented to the audit committee throughout the year.

The group has business continuity arrangements in place with third parties. It also has business continuity plans for each of the departments within Copper House.

The group has a whistleblowing policy that is overseen by the committee. This policy allows staff to raise any concerns in confidence directly with the chair of the committee, the company secretary or the group's internal audit manager. The audit committee believes, based on experience to date, that this policy is well communicated in the organisation and working well. The policy was reviewed during the year and any whistleblowing reports are communicated to the committee.

Remuneration committee report

Image removed

“The company’s reward policy as regards the executive directors focusses on the long-term, in line with the board’s strategy and business model for long-term sustainable shareholder value creation.”

Nick Miller
Committee Chair

Primary function

The committee’s primary function is to determine the remuneration packages of the executive directors. This is in the context of the company’s reward policy which is designed to incentivise the executive directors appropriately and support the delivery of the group’s strategic objectives which are aligned with the long-term interest of both shareholders and key stakeholders.

Terms of reference

The committee’s duties are set out in its terms of reference which can be found in the investors section of www.youngs.co.uk.

Committee membership, meetings and attendance

The committee is made up of three independent non-executive directors. It is chaired by Nick Miller; the other members are Ian McHoul and Aisling Meany. Nick and Ian served on the committee throughout the period; Aisling joined the committee in September. Torquil Sligo-Young served on the committee until 16 March when he stepped down following a review of the composition of the committee. The committee met five times during the period and the table on page 62 sets out each member’s attendance record.

Advice, guidance and information

During the period, Deloitte LLP were engaged to help the committee in its review of the company’s long-term incentive arrangements for the executive directors. For further details, see the *Review of executive director long-term incentives* section below. More generally, advice and guidance is provided to the committee by the company secretary. Where possible, agendas and supporting papers are provided to the committee a week before its meetings – the following were amongst the papers provided to the committee during the period:

- an independent report and supplementary papers prepared by Deloitte LLP in relation to its review of executive director long-term incentives;
- aspects of the Investor Associations’ principles of remuneration for 2022 and its guidance on shareholder expectations during the pandemic; and
- a pack of financial information to help the committee determine the extent to which the financial performance conditions for the executive directors’ performance-related bonuses for FY2021/22 had been met.

Remuneration: executive directors

Against the background of the company's reward policy, the committee decided a number of years ago that total remuneration levels for the executive directors should be in line with the market for the performance achieved, with an element of the total remuneration varying according to achievement of key performance targets. The main elements of the executives' reward packages therefore ordinarily comprise:

- a basic salary;
- a range of benefits, including life assurance, regular medical check-ups, a car scheme or a car allowance (at levels set in 2008), private medical insurance and a pension (see note 9 on page 109); and
- to satisfy the 'variable' element, a stretching deferred annual bonus scheme.

Following a difficult year in FY2020/21, when the business was significantly impacted by the pandemic and no bonus scheme was offered to the executive directors, the committee reintroduced the bonus scheme for FY2021/22. Furthermore, to incentivise the executive directors to ensure that the business was fully prepared to resume trading, as the government's roadmap for easing restrictions was implemented at the beginning of FY2021/22, the committee agreed to consider the payment of a discretionary ex-gratia bonus if, amongst other things, certain financial criteria was met at the half-year. The criteria included whether: (i) the business was generating a positive cash flow, (ii) the business had available liquidity of not less than £50 million, (iii) a minimum level of profit before tax has been achieved in H1 and (iv) an interim dividend for FY2021/22 has been paid to shareholders.

The committee determined that the performance of the executive directors during the previous eighteen months, the strong performance of the business during the first half of FY2021/22 and the achievement of the criteria outlined above, warranted the payment of a discretionary ex-gratia bonus for FY2021/22. The committee approved the payment of 25% of basic salary in December and this is reflected in the 'Bonus 2022' column in note 9(b) appearing on page 109.

As previously reported, the executive directors' basic annual salaries were reduced by 20% for April, May and June 2020 in light of the pandemic and this is reflected in the remuneration table appearing in note 9(b) on page 109. For FY2021/22, the committee decided to wait until trading had resumed before considering whether a pay increase would be awarded. In July, the committee reviewed its position and a pay rise of 2% of basic salary, being effective from the start of FY2021/22, was awarded in light of the group's encouraging trading performance during the first quarter.

Following the re-introduction of the deferred annual bonus scheme in FY2021/22, the following table sets out the key performance conditions to which the bonus awards are dependent, expressed as a percentage of salary along with the overall caps applicable. The inclusion of personal objectives recognises the specific executive roles and responsibilities each director has.

	Adjusted profit before tax	Personal objectives	Cap
Patrick Dardis	100%	25%	125%
Mike Owen	100%	25%	125%
Simon Dodd	80%	20%	100%
Tracy Dodd	50%	50%	100%

The annual bonus drives the achievement of financial performance and personal objectives. The committee, in applying its judgement, assessed the performance of the business and each executive director, as well as certain other factors including, amongst other things, the company's available liquidity, the payment and recommendation of dividends to shareholders, the overall performance of the business and outside certain limited exceptions, the reduction in coronavirus-related government support. In view of the strong financial performance of the company during the period and the significant contribution of the executive directors to its success, the committee exercised its discretion to award an annual bonus of 100% of maximum, equivalent to 125% of basic salary for Patrick Dardis and Mike Owen and 100% of basic salary for Simon Dodd and Tracy Dodd. This is reflected in the 'Bonus 2022' column in note 9(b) appearing on page 109.

The committee decided that in view of the introduction of a new executive long-term incentive scheme, see *Review of executive director long-term incentives* below, the operation of the deferred annual bonus scheme would change this year. Mike Owen, Simon Dodd and Tracy Dodd will be required to defer 25% of their annual bonus into shares, which would be subject to a holding period of three years. Patrick Dardis, who is retiring as an executive director on 30 September 2022, will receive his annual bonus in cash. No matching shares will be awarded under the scheme.

Going forward the executive directors will be required to defer an element of their annual bonus into shares and the committee is considering the introduction of a minimum share holding requirement for each executive director. Further details will be included in the company's FY2022/23 report and accounts.

The 2019 awards under the deferred annual bonus scheme are due to vest in June 2022. As is explained in note 32(a) starting on page 137, the 'matching' share part of the bonus scheme is linked to the growth of the group's adjusted earnings per share over a four-year period. For the 'matching' shares awarded dated June 2019 (only relevant to Patrick Dardis, Tracy Dodd and Torquil Sligo-Young (awarded when he was an executive director)), the committee determined, due to the impact of the pandemic, that the group's adjusted earnings per share condition applicable to the 'Matching Shares' received under the 2019 awards was not met. However, having regard to the company's strong performance during the period ended 28 March 2022, as the business recovered from the effects of the pandemic, and the strong performance of the business prior to the pandemic, the remuneration committee considered it appropriate to adjust this outcome such that participating individuals will retain 50% of the Matching Shares in question. The transfers back to the Ram Brewery Trust II of the balance of the Matching Shares will be shown in the company's FY2022/23 report and accounts.

Remuneration committee report continued

Review of executive director long-term incentives

Under the company's current long-term incentive arrangements, the annual bonus and long-term incentive award are linked. If an executive director does not receive an annual bonus, there is no bonus deferral and no award of Matching Shares under the terms of the deferred annual bonus scheme. In light of the challenges the company has faced during the pandemic, and the exceptional performance of the directors during the current period, the board wants to ensure that the executive directors are appropriately incentivised, as they currently have limited or, in some cases, no long-term incentive awards in place.

The committee engaged Deloitte LLP to undertake an independent review of executive director long-term incentives which focused on: market practice, alternative long-term incentive approaches and the structure of the company's current incentive scheme. Following careful consideration of the alternative approaches and market practice, the committee approved the introduction of a long-term incentive plan ('LTIP'). The benefit of this approach is that it simplifies the company's incentive structure, de-links the long-term incentive from the annual bonus, and going forward executive directors will be incentivised to meet both short- and long-term targets. This approach also aligns the company with the market and its peer group.

The rules of the scheme will follow market practice and include: an individual grant limit of 100% of salary, malus and clawback provisions and the issue of shares under the plan will not exceed 5% of the company's issued share capital in any ten year rolling period. It is expected that the grant of the first award under the LTIP will take place within 42 days of the announcement of the company's annual results in 2022. The performance conditions attaching to the 2022 awards are still being finalised but are expected to be adjusted earnings per share and relative total shareholder return. Further details will be included in the company's FY2022/23 report and accounts.

Remuneration: non-executive directors

The initial remuneration of the non-executive directors is determined by the board, but any fee increase is decided by the executive committee, with the intention being that the fees paid are not out of line with the market and go some way towards rewarding the non-executives for the time they commit to the business; accordingly, all non-executive directors receive a basic fee.

Apart from any entitlement arising from a previous executive role in the company, the non-executives do not participate in bonus schemes or share options and they are not members of any group pension scheme other than for the purposes of complying with pension auto-enrolment legislation. As a result of having been executive directors, Stephen Goodyear and Torquil Sligo-Young are pensioner members of the group's defined benefit pension scheme. At the end of the period Torquil was no longer entitled to a company car; details of his holding of shares under the terms of the deferred annual bonus scheme is in note 32 starting on page 137, and his interest in the company's SAYE share option scheme is shown in note 9(e) on page 110. The non-executive directors are entitled to be reimbursed for certain business-related expenses.

The chairman and the non-executive directors received a 2% basic fee increase for FY2021/22. An annual committee chair fee of £5,000 was also introduced to recognise the additional work undertaken by the respective chairs of both the audit committee and remuneration committee. The fees increases were effective from 1 April 2021.

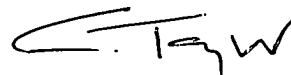
During the year, the executive directors' engaged Deloitte LLP to independently benchmark the chairman's basic fee. The primary reference point of the review was the AIM market. Additional reference points included sector peers and the FTSE All-Share market capitalisation group. The executive directors concluded from the analysis that the chairman's current basic fee would be increased to bring it in line with the average for the upper quartile of the AIM market. As a result, the chairman basic fee increased from £97,390 to £125,000 with effect from 1 April 2022.

The executive directors also benchmarked the non-executive directors' basic fee and using market benchmarking data they concluded that the company's non-executive directors' basic fee was below the median for the AIM market. The executive directors determined that the basic fee would be increased from £42,943 to £46,000 with effect from 1 April 2022.

The corporate governance report (comprising pages 51 to 74) was approved by the board and signed on its behalf by the company secretary.

By order of the board

Chris Taylor
Company Secretary



18 May 2022

“I would like to thank the teams across the business who have worked so hard to deliver these great results in another year of extraordinary circumstances.”

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Directors' report

For the 52 weeks ended 28 March 2022

Directors

Details of our directors appear on pages 54 to 56. All of them served throughout the period except for Aisling Meany who was appointed as a director on 1 September 2021. No other person was a director during the period other than Roger Lambert who stepped down as a director on 31 July 2021.

Directors' interests in the company's share capital

Set out below are the interests in the company's share capital of the directors who held office at the end of the period and of the persons closely associated with them (as defined in the UK Market Abuse Regulation). These interests are in addition to those shown in note 9(e) on page 110.

		As at	A shares	Non-voting shares
Stephen Goodyear ^{1, 2}	Beneficial	28 March 2022	200,424	3,265
		29 March 2021	200,424	3,265
Patrick Dardis ^{1, 2}	Beneficial	28 March 2022	90,817	–
		29 March 2021	97,906	–
Mike Owen ¹	Beneficial	28 March 2022	3,317	2,040
		29 March 2021	3,317	2,040
Simon Dodd ^{1, 3}	Beneficial	28 March 2022	4,163	–
		29 March 2021	4,163	–
Tracy Dodd ^{1, 4}	Beneficial	28 March 2022	8,831	–
		29 March 2021	11,413	–
Nick Miller	Beneficial	28 March 2022	58,587	408
		29 March 2021	58,587	408
Ian McHoul	Beneficial	28 March 2022	3,000	2,000
		29 March 2021	3,000	2,000
Torquil Sligo-Young ^{1, 2, 5, 6}	Beneficial	28 March 2022	271,069	15,081
		29 March 2021	279,874	15,081
		28 March 2022	4,154,340	499,591
		29 March 2021	4,154,340	499,591
Aisling Meany ⁷	Trustee	29 March 2021	–	–
	Beneficial	28 March 2022	–	–

¹ Also interested in 5,819 (2021: 7,652) A shares held in trust by RBT II Trustees Limited – see note 33 on page 139.

² Also interested in 337,067 (2021: 337,067) A shares held in trust by Young's Pension Trustees Limited – see note 33 on page 139.

³ This does not include Tracy Dodd's interest in the company's share capital as a person closely associated with Simon Dodd.

⁴ This does not include Simon Dodd's interest in the company's share capital as a person closely associated with Tracy Dodd.

⁵ Torquil Sligo-Young and various members of his immediate family are discretionary beneficiaries under trusts holding 836,368 (2021: 836,368) of the A shares and 453,543 (2021: 453,543) of the non-voting shares in respect of which Torquil Sligo-Young is shown as trustee in the above table.

⁶ This does not include Young's Pension Trustees Limited's interest in the company's share capital as a person closely associated with Torquil Sligo-Young (but see 2 above and note 33 on page 139).

⁷ Aisling Meany was appointed to the board in September 2021. She has indicated that she attends to acquire an interest in the company share capital during the financial year ending 3 April 2023.

Profit and dividends

The profit for the period attributable to shareholders was £34.4 million. The directors recommend a final dividend for the period of 10.26 pence per share (which, subject to approval at the AGM, is expected to be paid on 7 July 2022 to shareholders on the register at the close of business on 10 June 2022). When added to the interim dividend of 8.55 pence per share paid in December 2021, this would produce a total dividend for the period of 18.81 pence per share.

Disclosure of information to the auditor

Each of the directors shown on pages 54 to 56 confirms that so far as they are aware, there is no information needed by the company's auditor in connection with preparing its report of which the company's auditor is unaware. Further, each of them confirms that they have taken all the steps that they ought to have taken as a director to make themselves aware of any such

information and to establish that the company's auditor is aware of it. This paragraph is to be interpreted in accordance with section 418 of the Companies Act 2006.

Qualifying indemnity provisions

The company's articles of association contain an indemnity provision for the benefit of the directors; this provision, which is a qualifying third-party indemnity provision, is in force at the date of this report and was in force throughout the period. A further qualifying third-party indemnity provision is also in force at the date of this report and was in force throughout the period; this benefits Stephen Goodyear, Patrick Dardis and Torquil Sligo-Young and relates to certain losses and liabilities which they may incur as a result of or in connection with anything properly done by them as attorneys under a property-related power of attorney made by the company in May 2016.

Important events since the end of the period and likely future developments

As permitted under section 414C(11) of the Companies Act 2006, the directors have chosen to include in the strategic report (on pages 1 to 50) particulars of important events affecting the group which have occurred since the end of the period and an indication of likely future developments in the group's business.

Political donations

No political donations were made during the period.

Financial instruments and related matters

Included in note 26, on page 123, are the group's financial risk management objectives and policies and an indication of the group's exposure to certain risks. Those elements of that note form part of this report and are incorporated by reference.

Employee engagement

The company prioritised communications with employees during the period. Within the practical limitation of confidentiality and security, information was provided to them across a range of topics such as the impact of covid-19, trading and operational matters, and board and staff changes.

Given the ongoing impact of covid-19, the company continued to evolve and enhance methods of communication which included the use of Zoom. A closed Facebook group called 'Keeping in Touch at Young's' was reinstated to provide updates on general arrangements, address queries from employees and to publish video messages from Patrick Dardis. All employees were invited to join the group which allowed direct engagement across the entire workforce. The Facebook group encouraged engagement and interaction across all levels of the workforce and across all locations. They featured topical elements such as efforts fundraising for the NHS and various charities, inspirational video clips and pictures. In addition, group members were encouraged to share pictures and clips of their pets, their seasonal cooking and baking, and their exercise efforts via the Young's Strava group. Through this Facebook group, employees who may have been struggling were also signposted to organisations who could provide additional support for their physical, mental and financial wellbeing such as those offered by the Licensed Trade Charity. These initiatives were well received by employees and helped maintain engagement and interaction.

Employees were encouraged to use The Ram App, delivered by the company's e-learning platform, to access the Discover and Keeping in Touch pages, the latter which replaced the Facebook group when it was deactivated. Later in the period, the company also launched the How are you? page on The Ram to enhance mental, physical and financial wellbeing of employees and publish topical information such as maintaining wellbeing and menopause, as well as links to the Burnt Chef Project, Licensed Trade Charity and the Young's Strava page.

Within the constraints imposed by the impact of covid-19, the company continued to consult with its employees and their representatives, using the company's information and consultation committee. This long-established committee

works to enhance communications within the company, supplying information and giving opportunity for feedback and consultation, improve employee awareness and involvement and to support ongoing improvement within the business. Members of the committee are elected by the employees based in head office, with team members in the group's managed pubs having both an elected representative and a nominated management representative, with the latter being one of the group's directors of operations. The committee was able to meet twice during the period and a briefing sheet, summarising the outcomes from the meeting, was communicated within the business – this was initially emailed to all employees based in head office, with the group's operations managers then being responsible for cascading that information down to the pub managers within their area via divisional meetings and the pub managers then having to pass it down further through team briefings within their pubs. Each representative and pub manager is responsible for feeding back the information discussed at the committee's meetings, acting as a point of contact for individuals wishing to discuss matters and/or raise agenda items for discussion at meetings, and seeking further employees' views and ideas on matters, all in order to provide feedback to the board.

To encourage further involvement and interest in the group's performance, the company operates a savings-related share option scheme. Due to the impact of covid-19 and the disproportionate impact of furlough on a significant proportion of the group's employees, the scheme was not offered in 2020.

The board maintained its support for the company's wellness initiatives, paying particular attention to employee mental health and financial wellbeing, taking into account the extended impact of government lockdowns and tier restrictions. The company offers fully-funded counselling to employees at no cost to them on a one-to-one confidential basis with a qualified counsellor; by using alternative mechanisms such as FaceTime and WhatsApp chat, this support was available throughout the year.

Young's also continued its relationship with Salary Finance, an independent company authorised and regulated by the Financial Conduct Authority that offers a range of financial services, including loans and savings products, as well as education and financial tools. During the period, over 250 employees sought their help and advice, and a number of employees took advantage of the loan and debt support they provide. All employee communications are directly with Salary Finance, and Young's does not receive any financial benefit or commission from offering this service.

During the period, three employees qualified as Mental Health First Aiders and a further 48 qualified as Mental Health First Aid Champions. Refresher training was also offered to existing Mental Health First Aiders and Mental Health First Aid Champions. The newly-trained employees will support their colleagues across the business. An email address remained available for employees to report concerns about others in the workplace; all issues reported were fully investigated, with advice or referral to external services as appropriate. In addition, information on supporting mental health was published on the closed Facebook page and via The Ram App, which is available to every employee, signposting employees who may be experiencing mental health crises to appropriate services.

Directors' report continued

The company's corporate social media accounts also supported the company's positive stance on mental health and a number of items about mental health were shared publicly.

The company continued to provide information about a range of topics, including the support available to employees, from the Licensed Trade Charity (the 'LTC') and, in particular, covid-19 specific assistance. They were also reminded of the 24/7 helpline and financial support on offer. The LTC was first established in 1793; it aims to provide pubs, bar and brewery people facing a crisis with practical, emotional and financial support each year. During the period, more than 230 visits were made to the unique Young's landing page on the LTC website, and the LTC received over 20 calls from individuals who identified themselves as Young's employees. In addition, financial grants of over £1,400 were made to Young's employees.

Throughout the period, the company took active steps to promote government messages about covid-19 in the workplace. Particular attention was paid to hygiene and cleaning and the 'stay at home/self-isolation' 'rules' if anyone developed any of the symptoms. Where possible, working from home was encouraged during periods of closure; as a result head office teams worked remotely during some of the period.

The impact of government restrictions meant some employees were working below their normal hours when the company's pubs and hotels were open. The 'pick up a shift' system allowed employees to volunteer to work in a similar role at their normal rate of pay elsewhere within the company. Not only did this help to maintain employee earnings levels, but it retained trained employees within the company's businesses while giving employees experience of working in a variety of pubs and hotels. In addition, the company launched the Ram Agency, offering fully flexible employment across the company's pubs and hotels for employees who were able to use 'pick up a shift' to create a personalised rota that meets their needs and circumstances. Since the Ram Agency's launch, 106 employees have joined, with a split of 54 employees in kitchen roles and 52 employees in front of house positions.

Employment inclusion and diversity

Young's is an inclusive employer and diversity is important to it. It therefore maintained its policy of:

- giving full and fair consideration to all applications for employment, taking account of the applicant's particular aptitude and ability;
- seeking to continue to employ anyone who becomes physically and/or mentally impaired while employed by the company and arranging training in a role appropriate to the person's changed circumstances; and
- giving all employees equal opportunities for training, career development and promotion.

For more on our approach to diversity and inclusion please see page 29.

Greenhouse gas emissions, energy consumption and energy efficiency action

The directors have chosen to include the 'Greenhouse gas emissions, energy consumption and energy efficiency action' disclosure within the sustainability report which forms part of the strategic report, as permitted under section 414C(11) of the Companies Act 2006. The disclosure can be found on page 35 of the sustainability report.

Engagement with suppliers, customers and others in a business relationship with the company

The following section should be read in conjunction with the *Section 172(1) statement* starting on page 20 (as the directors have chosen to include in that part of the strategic report further information as regards the company's engagement with suppliers, customers and other in a business relationship with the company, as permitted under section 414C(11) of the Companies Act 2006).

Young's has been in business since 1831 when Charles Allen Young and Anthony Forthergill Bainbridge started a brewery and pub company, with this leading to the company's incorporation in 1890. Understandably, to have remained in business for so long and have achieved the success it has, the company has had to build and maintain good, strong and mutually beneficial business relationships with suppliers, customers and others over the years. During the period, the board remained alert to the importance of this continuing and how the company's long-term success relies, amongst other things, on good business relations with this range of external stakeholders.

The company's business model and long-term strategy (summarised on pages 10 and 15) have been tried and tested over a number of years. As such, many of the company's business relationships have been in place for quite some time; things nevertheless were kept under review during the period to ensure that, amongst other things, the company offered a responsible and covid-19 safe environment for its customers and, pandemic-permitting, the company could continue to maintain its reputation as a provider of a market-leading, premium offering that new and existing customers would want to enjoy and with which suppliers and others would want to be associated.

Over 15 million personalised e-mails were sent during the year: these kept our customers informed, for example, about events in the pubs, On Tap treats, menu launches and new openings. The company's communications were further bolstered through ongoing social media contact, including Facebook, Twitter and Instagram. Social media provides an agile communications platform to communicate and engage with customers: in spring 2021, the company had 10,000 Instagram followers across our central @youngspubs account; this increased by 100% during the period, as a result, of the company's strengthened engagement to 20,000 followers. Our pubs are also encouraged to build strong and engaged social followings with over 1 million followers receiving regular communication and updates from their local pubs.

Online review platforms such as Google, TripAdvisor and DesignMyNight enable customers to give speedy and relevant opinions and comments, and a cloud-based reputation management system used by the company allows it to assimilate the feedback received.

The company's online bookings have continued to grow significantly as a huge proportion of the company's customers tended to book ahead of dining with us. Digital continues to provide a key communications channel for the company's customers. Every step of the journey matters, building relationships and strengthening connections before a customer even steps into our pubs.

The company's booking terms and conditions were regularly updated throughout the year to ensure customers were aware of any changes or restrictions for their visits. Customers opting into marketing were notified of changes to our Privacy Policy by email. New Cookie Management software was implemented across all websites giving users the ability to grant or revoke consent for analytical and marketing cookies being used to track browsing behaviour.

On re-opening, every pub in the managed estate was visited by at least one member of the board or senior management: this was to reassure the pub's teams and customers as to the company's commitment to them.

A customer-focussed central marketing campaign, *'Together at Young's'*, was created to encourage customers to visit our pubs from Spring 2021 on re-opening for their long-awaited reunions with friends and family. This ran across all digital platforms, including paid digital advertising. This central theme of togetherness underpinned the company's customer communications during a summer of celebrations in partnership with the company's key suppliers.

The company's On Tap app continued to provide a premium, speed efficient 'order to table' solution for customers especially within our pub gardens. Over 750,000 customers used On Tap since the re-opening of our pubs in April 2021, and, together, they placed 3 million orders to a value of more than £55 million contributing to a strong database growth, allowing the company to communicate with those that signed up to marketing through enhanced in-app content and push notifications.

The Great British Staycation was once again the focus of the company's hotel leisure marketing strategy throughout the summer with a Cosy Nights' stay campaign running over the Autumn and Winter months. These campaigns were communicated via e-marketing, social channels and paid social communications.

For the mutual benefit of the company and its customers and suppliers, the company continued to leverage the relationships it has with its suppliers, especially those providing drink products (as drink sales historically count for roughly 62% of the company's sales in any year). So, rather than just source products from its drink suppliers and sell them on to its customers, the company continued to look at ways of working more closely, proactively and collaboratively with those suppliers to create or increase consumer demand. The following are just six illustrative examples of the benefits ensuing from those close, proactive and collaborative relationships:

- Pernod Ricard UK pledged 50p charitable donation for every Plymouth Gin and Tonic served across our pubs in Spring 2022, highlighting the sustainability credentials for Plymouth and raising £20,000 for the Ocean Conservation Trust to continue their work protecting our oceans;
- In conjunction with tournament partners, Heineken UK and Sipsmith, we supported last summer's major sporting events such as the delayed UEFA Euro 2020 football tournament and The Championships, Wimbledon;
- We launched a new range of bespoke flavoured gin serves exclusively paired with Fever-Tree mixers and sodas, as a part of the company's 'Let the Summer Be Gin' campaign;
- Heineken UK provided a series of Orchard Thieves, Summer Sunday garden events across our pubs with entertainment provided by a contemporary brass band;
- Diageo GB provided support for the Guinness Six Nations and St Patrick's Day 2022 providing team rugby shirts and merchandise together with in-pub entertainment to celebrate St Patrick's Day 2022; and
- Key suppliers (such as Young's Beers and Camden Town Brewery) joined forces with the company to reward selected customers with an exclusive treat on Young's Day, 17 September 2021, which could be redeemed via the Young's On Tap app. A commemorative birthday glass was also created to celebrate the joint 190th Young's and the 9th Beavertown Brewery birthdays in September 2021.

Directors' report continued

Corporate governance arrangements

The report on the company's corporate governance arrangements is set out on pages 51 to 74. That report forms part of this report and is incorporated by reference.

AIM

The company's shares are traded on AIM. There are no other exchanges or trading platforms on which the company has applied or agreed to have its shares admitted or traded.

AGM

Notice convening the AGM is set out on pages 141 to 145; notes explaining the resolutions being proposed are on pages 146 and 147.

Notifications of major holdings of voting rights

As at 28 March 2022, the company had been notified of the following holdings of 3% or more of the voting rights in the company:

Torquil Sligo-Young	12.76%
Octopus Investments Nominees Ltd	12.10%
James Young	11.20%
Caroline Chelton	10.09%
Canaccord Genuity Group Inc.	5.55%
BlackRock Investment Management (UK) Ltd	5.07%
Lindsell Train Limited	4.89%
Alice Parasram	3.30%

No changes in the above holdings, and no other holdings of 3% or more of the voting rights in the company, had been notified to the company between 29 March 2022 and 17 May 2022, both dates inclusive.

Statement of certain responsibilities in relation to the financial statements and otherwise

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK-adopted international accounting standards ('IFRSs'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

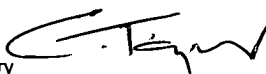
Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Preparation and disclaimer

This annual report, together with the strategic report (on pages 1 to 50) and the financial statements for the period ended 28 March 2022 have been drawn up and presented for the purpose of complying with English law. Any liability arising out of or in connection with them will also be determined in accordance with English law.

By order of the board

Chris Taylor
Company Secretary



18 May 2022

Financial Statements

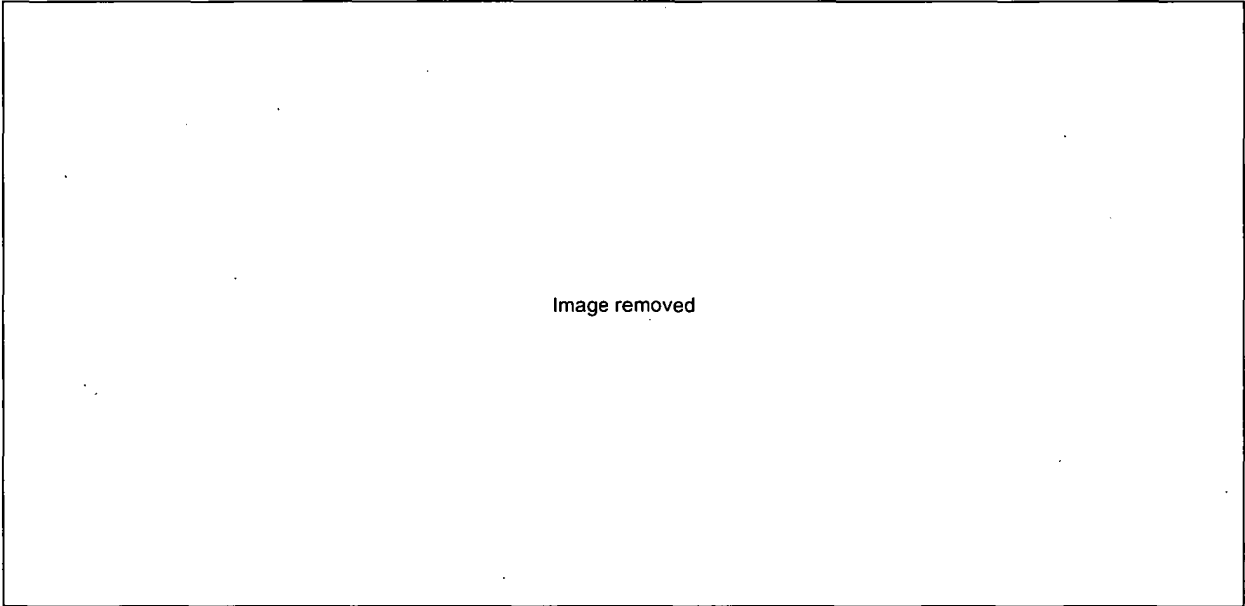


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“Securing our long-term future and success also means creating value for all our stakeholders, ensuring that they are a key consideration in our decision-making process.”

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Independent auditor's report

Independent auditor's report to the members of Young & Co.'s Brewery, P.L.C.

Opinion

In our opinion:

- Young & Co.'s Brewery, P.L.C.'s group financial statements and parent company financial statements (the 'financial statements') give a true and fair view of the state of the group's and of the parent company's affairs as at 28 March 2022 and of the group's profit for the 52 weeks then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Young & Co.'s Brewery, P.L.C. (the 'parent company') and its subsidiaries (the 'group') for the 52 weeks ended 28 March 2022 which comprise:

Group	Parent company
Group balance sheet as at 28 March 2022	Balance sheet as at 28 March 2022
Group income statement for the 52 weeks then ended	Statement of changes in equity for the 52 weeks then ended
Group statement of comprehensive income for the 52 weeks then ended	Statement of cash flow for the 52 weeks then ended
Group statement of changes in equity for the 52 weeks then ended	Related notes 1 to 36 to the financial statements, including a summary of significant accounting policies
Group statement of cash flow for the 52 weeks then ended	
Related notes 1 to 36 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards to the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of management's basis for use of the going concern basis of accounting. To challenge the completeness of this assessment, we independently identified factors that may indicate events or conditions that may cast significant doubt on the group's ability to continue as a going concern. We designed our audit procedures to evaluate the effect of these risks on the group's ability to continue as a going concern;
- Agreeing the group's available financing and related terms, including covenants, to the original debt agreements;
- Obtaining the cash flow forecast models used by the Board in its assessment, reviewing their arithmetical accuracy, whether they have been approved by the Board and considering the group's historical forecasting accuracy for periods when the group's pubs were able to trade without significant restrictions;
- Recalculating the group's banking covenant tests at each quarter end test date within the going concern period;
- Evaluating whether the assumptions, including over the timing and extent to which cash flows are impacted by the direct and indirect effects of the covid-19 pandemic and the current high levels of cost inflation, were realistic, achievable and consistent with the external and internal environment as well as other matters identified in the audit;
- Considering management's stress testing of the group's cash flow forecast models and their impact on forecast liquidity and banking covenants, specifically whether the stress tests were of reasonably possible adverse effects that could arise from these risks individually and collectively, and considering whether the factors we identified independently that could adversely impact the group had been appropriately included;
- Performing our own independent reverse stress testing of the group's cash flow forecast models and their impact on forecast liquidity and banking covenants to identify under what circumstances the group's liquidity would be compromised due to a breach of banking covenants, including periods of enforced closure, downturns in trading due to covid-19 or changing consumer behaviour, or the non-recovery of high cost inflation;
- Considering the likelihood of management's ability to execute mitigating actions based on our understanding of the group and the sector, including whether those mitigating actions were controllable by management. This assessment was supported by our analysis of management's historical ability to take controllable actions such as non-payment of dividends, suspension of non-essential capital expenditure and inventory orders;

- Assessing the appropriateness of the going concern disclosures in describing the risks associated with the group's ability to continue as a going concern for the period to 27 June 2023; and
- Enquiring of management as to whether any events or conditions beyond 27 June 2023 had been identified that may cast significant doubt on the group's ability to continue as a going concern and evaluating whether we were aware of any such events or conditions from our audit work.

The key observations we communicated to the Audit Committee were that the group has significant committed borrowing facilities and available liquidity through the going concern period. In management's base case (which includes the repayment of £30m of borrowing facilities) and sensitised scenarios (which reflect possible further covid-19 restrictions, high cost inflation or a slowdown in customer spending influenced by the current cost of living crisis) the group remains in compliance with all banking covenants through the going concern period. In addition, based on management's reverse stress testing, the events that would lead to liquidity being compromised were considered of remote likelihood.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 26 June 2023 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of the group, which accounted for 100% of adjusted profit before taxation, 100% of revenue and 100% of total assets.
Key audit matters	• Valuation of the freehold pub estate • Asset impairment • Lucky Onion group preliminary purchase price allocation (new risk for 2022) • Deferred taxation arising on the valuation of the pub estate • Management override in the recognition of revenue
Materiality	• Overall group materiality of £2.1m, which represents 5% of adjusted profit before taxation.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the group. Taken together, this enables us to form an opinion on the consolidated financial statements.

The group's operations are based solely in the UK with a single head office and finance function and therefore all audit procedures are completed by one audit team at this location. The audit team includes tax and IT specialists.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements we performed full scope audit procedures over 100% of the group's results for the 52 weeks to 28 March 2022 and 100% of the group's total assets at that date. We obtained an understanding of the entity-level controls of the group which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy. This approach is consistent with the prior period.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the group. The group has determined that the most significant future impacts from climate change on its operations will be from increased occurrence of extreme weather events, regulations, government interventions, reporting obligations and inability to meet climate change targets. This is explained on page 40 in the principal risks and uncertainties, which forms part of the 'Other information', rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate change risk, physical and transition, and ensuring that the effects of climate risks disclosed on page 40 have been appropriately reflected in the carrying value of assets with indefinite and long lives, asset values and associated values where values are determined through modelling future cash flows, being goodwill, property and equipment and right of use assets. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

Independent auditor's report continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of the freehold pub estate		
Refer to the Audit Committee Report (page 66); Accounting policies (page 98); and Note 19 of the Consolidated Financial Statements (page 118). In accordance with the group's accounting policy for property and equipment, management applies the revaluation model for the freehold pub estate, which had a carrying value of £761.0 million at 28 March 2022 (2021: £726.1 million). As permitted by IAS 16 and in common with other listed pub operators in the UK, this revaluation was achieved through: • A reassessment of the fair maintainable trade of each freehold pub based on its current and forecast trading performance, or a spot valuation; • A revaluation by Savills, independent chartered surveyors, of a representative sample of 20% of the group's freehold pubs, including pubs of varying location and type; and • A revaluation of the remaining 80% of the freehold pub estate on a desktop basis by Savills and the group's director of property, using updated trading results, management's knowledge of each pub, and appropriate consideration of the results of the representative sample valuation. This involves significant management judgement, particularly in respect of the methodology and assumptions used in the valuation model. Management also assesses viable alternative uses for a property should they provide increased value. The ongoing uncertainties over the current economic environment caused by the covid-19 pandemic and other external factors, had an impact on the valuation of the group's freehold pub estate. As described in note 19, Savills highlighted that its assessment of the fair value of the freehold pub estate no longer contains a material uncertainty (which had been the case in the prior period) as the impact of the covid-19 pandemic on property values became less uncertain during the period.	We performed a walkthrough of each aspect of the group's freehold pub valuation process and assessed the design effectiveness of the key controls that were in place. We met with management and the group's external valuation specialists to discuss their valuation approach and the judgements made in determining the fair value of the freehold pub estate. These included the fair maintainable trade, EBITDA multiples, spot valuations and the assumptions made in respect of the impact of covid-19. We assessed the competence and objectivity of the external valuer, including consideration of its qualifications and expertise. We tested the inputs, assumptions and methodology used by the external valuers. We tested management's valuation model for mathematical accuracy and consistency with underlying records. This included an assessment of the fair maintainable trade of each pub by reference to the group's financial records, management's historical forecasting accuracy and its consideration of the external valuation results on the remainder of the estate. Of the group's 159 freehold pubs, with support from our property valuation specialists we tested a sample of 33 pub valuations. We performed testing over the underlying valuation assumptions, with a particular focus on pubs valued using a spot valuation as these involved a higher level of management judgement. We benchmarked the group's pub valuations by comparing with other pub market transactions. We also considered the approach taken to reflect any ongoing impact of the covid-19 pandemic on freehold pub values. We verified that changes in pub valuations were appropriately accounted for through the revaluation reserve or the income statement. We considered the appropriateness of the valuation disclosures in note 19 the financial statements and whether they were compliant with the fair value information required under IFRS 13.	We concluded that the methodology applied is reasonable and that the external valuations are an appropriate assessment of the market value of freehold properties at 28 March 2022. We concluded that the values of the sample of 33 properties tested by our internal property valuations specialists were within the reasonable range of values as assessed by them. We consider that management provided an appropriate level of review and challenge over the valuations and we did not identify evidence of undue management bias. We reviewed the disclosures in note 19 to the financial statements, and consider them to be appropriate.

Asset impairment

Refer to the Audit Committee Report (page 66); Accounting policies (page 98); and Note 18 and 20 of the Consolidated Financial Statements (pages 116 and 121).

In addition to its freehold property portfolio, the group has significant other assets connected with its pub estate, including goodwill of £32.5 million (2021: £32.5 million), fixtures, fittings and equipment of £78.1 million (2021: £79.5 million) and right of use assets of £147.0 million (2021: £158.0 million).

The continued uncertainties over the current economic environment caused by the covid-19 pandemic, the current high levels of cost inflation and any changes in consumer spending habits arising from the 'cost of living' crisis, has been identified as an indicator of impairment.

Impairment is tested on the basis of each individual cash generating unit (an individual pub) or in the case of goodwill, the group of pubs associated with it.

There is a risk that pubs may not achieve the anticipated business performance to support their carrying value. This could lead to an impairment charge that has not been recognised by management.

Significant judgement is required in forecasting the future cash flows of each pub, together with the rate at which they are discounted.

We understood and walked through the methodology applied by management in performing its impairment test for each of the relevant pubs, and assessed the design effectiveness of the key controls that are in place.

We assessed the appropriateness of management's identification of cash generating units being at the individual pub level and, in the case of goodwill, the fact that the goodwill was allocated to the group of cash generating units (individual pubs) associated with it.

We tested the arithmetical accuracy and integrity of the impairment model and confirmed that the forecasts were consistent with the Board approved forecasts and those used in the going concern assessments.

For those pubs or groups of pubs that assumed more than a long-term growth rate in the short-term, we considered management's estimates in the context of the actions already taken to achieve profit improvement, the expected impact of other external events and management's historical forecasting accuracy.

We used our internal valuations specialists to support our assessment of the discount rate and long-term growth rate applied to cash flows by independently determining an acceptable range of values for each assumption.

In respect of the impact of covid-19, cost inflation and consumer spending habits on both short-term trading and the longer-term growth rate, we compared management's assumptions against external economic forecasts and actual performance from the last year.

We calculated the degree to which the key inputs and assumptions, including location-specific evidence, would need to fluctuate before an impairment was triggered and considered the likelihood of this occurring. We performed our own sensitivities on the group's forecasts, which included various scenarios on short-term disruption and long-term growth rate. We then determined whether adequate headroom remained using these sensitivities and our independent assessment.

We assessed the disclosures in notes 18 and 20 of the financial statements against the requirements of IAS 36 Impairment of Assets, in particular the requirement to disclose further sensitivities for CGUs where a reasonably possible change in a key assumption would cause an impairment.

We concluded that no impairment was required at 28 March 2022, based on the results of our work.

However, the impairment test is sensitive to adverse changes that could arise given the uncertainties surrounding future trading, including those arising from the covid-19 pandemic, the current high levels of cost inflation and any changes in consumer spending habits arising from the 'cost of living' crisis.

Management describes these sensitivities appropriately in notes 18 and 20 to the financial statements, in accordance with IAS 36.

Independent auditor's report continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Lucky Onion pubs preliminary purchase price allocation (new risk for 2022)		

Refer to the Audit Committee Report (page 66); Accounting policies (page 98); and Note 15 of the Consolidated Financial Statements (page 113-114).

In February 2022 the group acquired six Lucky Onion pubs for a total cash cost of £24.3 million.

The acquisition was accounted for as a business combination and involved a number of significant and complex judgements, particularly in identifying and determining the fair value of the assets acquired and liabilities assumed.

Management performed a preliminary purchase price allocation exercise. The primary element of the valuation exercise assessed the fair values of the six pubs acquired, whether freehold property or right of use assets and lease liabilities associated with leasehold pubs. The allocation also considered the fair values of intangible assets, contract liabilities, other assets and liabilities and deferred tax. No goodwill was recognised on the transaction.

We performed a walkthrough of the group's process for determining the fair value of assets acquired and liabilities assumed, including the completeness of those assets and liabilities, and assessed the design effectiveness of the key controls that were in place.

We read the Sale and Purchase Agreement to corroborate the group's accounting conclusions and identify any clauses that could have an accounting impact or other assets or liabilities that the group had not identified.

For both freehold and leasehold pubs, we obtained the group's valuation expert's (Savills) preliminary assessment supporting the value of the freehold pubs or right of use assets, and performed similar procedures as we describe for the "valuation of the freehold pub estate" key audit matter.

For leasehold pubs, we considered management's estimate of the value of the lease liabilities, including the incremental borrowing rate, and its measurement of the related right of use asset.

For other assets acquired and liabilities assumed, we evaluated the group's methodology, assumptions and estimates used in determining fair value.

We evaluated the competence and independence of the property valuation experts used by the group by reference to their qualifications and experience.

We evaluated whether appropriate disclosures are included in the group financial statements.

We evaluated that the preliminary identification and valuation of assets and liabilities acquired was complete and appropriate, and that the disclosures made note 15 to the financial statements are in accordance with IFRS 3.

Deferred tax arising on the valuation of the pub estate

Refer to the Audit Committee Report (page 66); Accounting policies (page 98); and Note 27 of the Consolidated Financial Statements (page 129).

At 28 March 2022, the group had deferred tax assets of £4.1 million (2021: £8.6 million) and deferred tax liabilities of £108.3 million (2021: £73.6 million).

There is complexity in the group's accounting for deferred tax. Specifically, a significant level of management judgement and complex calculations are required in accounting for the deferred tax arising both on the valuation of each freehold pub and on the right of use asset for each leasehold pub.

These judgements are focused on:

- the treatment of capital losses, rollover relief, indexation allowances and initial recognition exemptions;
- recognising deferred tax on the pubs on a sale, in-use or a dual basis;
- recognising the deferred tax at the correct corporation tax rate, depending on the underlying assumptions; and
- calculating the deferred tax associated with right of use assets recognised under IFRS 16, which have a similar risk profile to the freehold pub estate.

We performed a walkthrough of the group's process for determining the deferred tax arising from the valuation of the pub estate. We also assessed the design effectiveness of the key controls that were in place.

In conjunction with our tax specialists we tested the deferred tax calculations based on the valuation of each freehold pub and the right of use asset for each leasehold pub. This focused on verifying the inputs into the deferred tax calculation, testing its mathematical accuracy and recalculating the deferred tax for a sample of pubs across the estate. This included a review of capital losses, rollover relief, indexation allowances and initial recognition exemptions.

We challenged management on the assumptions used in calculating the deferred tax balances, including whether the deferred tax was consistent with the group's intended use of each pub – being a sale, in-use or a dual basis.

We evaluated if the tax rates applied in calculating the deferred tax on the group's pub estate were appropriate based on when the balances are expected to unwind.

We considered whether the related deferred tax disclosures, included in note 27 to the group financial statements, were in line with IAS 12 requirements.

We considered management's judgements in the recognition of deferred tax arising on the valuation of the pub estate to be appropriate and the underlying calculation to be accurate. We also consider that the disclosures in note 27 to the group financial statements are appropriate.

Management override in the recognition of revenue

Refer to the Accounting policies (page 98).

The group recorded revenue from continuing operations of £309.0 million in the year (2021: £88.0 million). The vast majority of the group's revenue transactions are non-complex, with no judgement applied over the amount recorded.

We consider the significant risk relating to revenue to be around management override of controls and topside journals to revenue.

For managed houses, revenue is typically comprised of a large number of low value transactions. Although there is little management judgement involved, there is a risk that manual topside adjustments could be posted which could result in revenue being overstated or sales not being recorded. For the tenanted pubs there is also a risk that manual topside adjustments could be posted to revenue.

We performed a walkthrough of each of the group's significant revenue processes, including the recording of manual journal adjustments, and assessed the design effectiveness of the key controls that are in place.

We applied correlation data analysis over the group's revenue journal population to identify how much of the revenue was converted to cash and to isolate non-standard revenue transactions for further analysis.

We identified manual journals to revenue and obtained corroborative evidence to support them.

We performed cut-off testing procedures including review of post period end cash receipts and journals and an analytical review of significant variances.

We did not identify any instances of management override of controls, including through topside journals. Based on our work, which included using data analysis tools to test 100% of the group's revenue transactions and the extent to which they converted to trade receivables or cash, we consider that revenue is fairly stated.

In the prior period, our auditor's report included a key audit matter in relation to going concern. In the current period, following the improvement in the group's results going concern had a reduced effect on the overall audit strategy, the allocation of resources in the audit; and the efforts of the engagement team. As a result, in the current period we determined that going concern was not a key audit matter.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £2.1 million (2021: £1.2 million), which is 5% of adjusted profit before taxation (2021: 3.5% of 2020 profit before taxation, adjusted for the movement on the revaluation of properties). We believe that adjusted profit before taxation is considered to be the focus of the group's stakeholders. In the prior year (2021), we used the 2020 results as a basis for materiality given the significant impact of the covid-19 pandemic on the Group's 2021 results, applying a lower percentage due to the uncertainty. However, for the current year (2022), the Group was less affected by covid-19 and the current year's results provided an appropriate basis for materiality.

We believe that the primary area of focus of the parent company's stakeholders are consistent with those of the group and despite the adjusted profit before taxation being a higher figure, we have capped materiality at £2.1 million, in line with the group.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £1.6m (2021: £0.9m). We have set performance materiality at this percentage to reflect the results of our testing of the group's systems and processes and historical audit findings.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £105,000 (2021: £60,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

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

Independent auditor's report continued

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 72, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

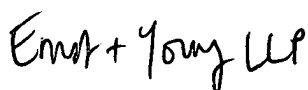
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are:
 - Those that relate to the reporting framework: UK adopted international accounting standards, the UK Companies Act 2006 and AIM Rules;
 - Those that relate to the accrual or recognition of expenses for taxation, such as UK Corporate Tax legislation; and

- Those that relate to the accrual for or recognition of expenses for employee benefit costs including post-employment benefit costs, as well as the treatment of its employees.
- We understood how the group is complying with those frameworks by making inquiries of management, those charged with governance, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through inspection of board minutes and correspondence with regulatory authorities and through attendance at Audit Committee meetings throughout and subsequent to the period under audit.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by making inquiries of management, those charged with governance, internal audit and various other individuals within the financial reporting function. We corroborated these inquiries by inspecting board minutes, internal audit reports and findings, reports to the group's internal whistleblowing hotline and by understanding both the group's bonus scheme structure and the expectations of investors and analysts, to understand areas in which individuals may be incentivised to commit fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making inquiries as described above, inspecting minutes of all significant board and committee meetings, reading correspondence with regulatory authorities, testing manual journal entries with higher risk characteristics and testing unusual or non-standard transactions.

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

Use of our report

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



Jon Killingley (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

18 May 2022

Group income statement

For the 52 weeks ended 28 March 2022

	Notes	2022 £m	Restated 2021 £m
Continuing operations			
Revenue	7	309.0	88.0
Other income	10	5.0	4.7
Operating costs before adjusting items	8	(262.6)	(125.9)
Adjusted operating profit/(loss)		51.4	(33.2)
Adjusting items	11	0.3	(1.3)
Operating profit/(loss)		51.7	(34.5)
Finance costs	13	(9.5)	(9.8)
Finance charge for pension obligations	28	(0.1)	(0.2)
Profit/(loss) before tax		42.1	(44.5)
Income tax (expense)/credit	14	(17.2)	6.9
Profit/(loss) for the period from continuing operations		24.9	(37.6)
Discontinued operations			
Profit/(loss) for the period from discontinued operations ¹	5	9.5	(0.7)
Profit/(loss) for the period attributable to shareholders of the parent company		34.4	(38.3)
		Pence	Pence
Earnings/(loss) per 12.5p ordinary share			
Basic	17	58.83	(68.23)
Diluted	17	58.80	(68.23)
Earnings/(loss) per 12.5p ordinary share for continuing operations			
Basic	17	42.58	(66.98)
Diluted	17	42.56	(66.98)

¹ A gain on disposal of £9.0 million was recognised and has been recorded within adjusting items (see note 5).

Prior period comparatives have been restated for the application of IFRS 5 to re-present financial information in relation to discontinued operations (see notes 2 and 5).

The notes on pages 96 to 140 form part of these financial statements.

Group statement of comprehensive income

For the 52 weeks ended 28 March 2022

	Notes	2022 £m	2021 £m
Profit/(loss) for the period		34.4	(38.3)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Unrealised gain on revaluation of property	19	28.7	9.0
Remeasurement of retirement benefit schemes	28	17.2	0.9
Tax on above components of other comprehensive income		(25.3)	(4.0)
Items that will be reclassified subsequently to profit or loss:			
Net movement of interest rate swaps - cash flow hedge	26	5.2	2.5
Tax on fair value movement of interest rate swaps		(1.1)	(0.5)
		24.7	7.9
Total comprehensive income/(loss) attributable to shareholders of the parent company		59.1	(30.4)
Total comprehensive income/(loss) attributable to shareholders of the parent company from continuing operations		49.6	(30.9)
Total comprehensive income attributable to shareholders of the parent company from discontinued operations¹		9.5	0.5

1 A gain on disposal of £9.0 million was recognised and has been recorded within adjusting items (see note 5).

The notes on pages 96 to 140 form part of these financial statements.

Balance sheets

28 March 2022

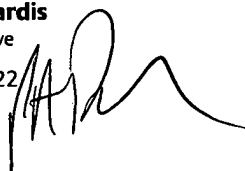
		Group		Company	
	Notes	2022 £m	2021 £m	2022 £m	2021 £m
Non-current assets					
Goodwill	18	32.5	32.5	31.0	31.0
Property and equipment	19	808.0	773.7	803.5	769.1
Right-of-use assets	20	147.0	158.0	139.4	149.2
Investment in subsidiaries	21	–	–	14.3	14.3
Deferred tax assets	27	4.1	8.6	4.1	8.6
Derivative financial instruments	26	2.2	–	2.2	–
Retirement benefit schemes	28	14.3	–	14.3	–
		1,008.1	972.8	1,008.8	972.2
Current assets					
Inventories	22	4.7	2.6	4.7	2.6
Trade and other receivables	23	8.9	10.4	9.7	11.3
Income tax receivable		6.2	5.8	6.3	6.0
Cash		34.0	4.7	34.0	4.7
		53.8	23.5	54.7	24.6
Asset held for sale	24	–	1.2	–	1.2
Total assets		1,061.9	997.5	1,063.5	998.0
Current liabilities					
Borrowings	26	(30.0)	(29.8)	(30.0)	(29.8)
Lease liabilities	30	(4.9)	(4.9)	(4.1)	(4.1)
Derivative financial instruments	26	(0.3)	(1.8)	(0.3)	(1.8)
Trade and other payables	25	(43.7)	(15.8)	(55.8)	(27.5)
		(78.9)	(52.3)	(90.2)	(63.2)
Non-current liabilities					
Borrowings	26	(103.8)	(143.4)	(103.8)	(143.4)
Lease liabilities	30	(69.1)	(75.3)	(63.6)	(69.1)
Derivative financial instruments	26	–	(1.4)	–	(1.4)
Deferred tax liabilities	27	(108.3)	(73.6)	(108.1)	(73.4)
Retirement benefit schemes	28	(2.1)	(6.1)	(2.1)	(6.1)
		(283.3)	(299.8)	(277.6)	(293.4)
Total liabilities		(362.2)	(352.1)	(367.8)	(356.6)
Net assets		699.7	645.4	695.7	641.4
Capital and reserves					
Share capital	31	7.3	7.3	7.3	7.3
Share premium		7.7	7.6	7.7	7.6
Capital redemption reserve		1.8	1.8	1.8	1.8
Hedging reserve		1.7	(2.4)	1.7	(2.4)
Revaluation reserve		249.4	253.6	240.2	244.4
Retained earnings		431.8	377.5	437.0	382.7
Total equity		699.7	645.4	695.7	641.4

The company's profit after tax from continuing operations for the period was £24.9 million (2021: loss after tax of £37.6 million).
The company's profit after tax from discontinued operations was £9.5 million (2021: loss after tax of £0.7 million).

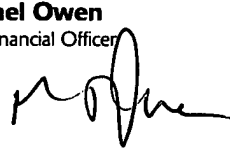
Approved by the board of directors and signed on its behalf by:

Patrick Dardis
Chief Executive

18 May 2022



Michael Owen
Chief Financial Officer



The notes on pages 96 to 140 form part of these financial statements.
Young & Co.'s Brewery, P.L.C. Registered in England number 32762.

Statements of cash flow

For the 52 weeks ended 28 March 2022

		Group		Company	
	Notes	2022 £m	2021 £m	2022 £m	2021 £m
Operating activities					
Net cash generated from operations	34	107.0	(23.0)	106.3	(23.9)
Tax paid		(5.1)	–	(5.1)	–
Net cash flows from/(used in) operating activities		101.9	(23.0)	101.2	(23.9)
Investing activities					
Proceeds from disposal of property and equipment ¹		59.7	0.4	59.7	0.4
Purchases of property and equipment	19	(36.9)	(19.1)	(36.9)	(19.1)
Business combinations, net of cash acquired	15	(36.9)	–	(36.9)	–
Net cash flows used in investing activities		(14.1)	(18.7)	(14.1)	(18.7)
Financing activities					
Interest paid		(9.7)	(9.8)	(9.5)	(9.4)
Issued equity, net of transaction costs		0.1	84.9	0.1	84.9
Equity dividends paid	16	(5.0)	–	(5.0)	–
Payments of principal portion of lease liabilities		(4.1)	(4.3)	(3.6)	(3.8)
Repayment of borrowings ²		(39.8)	(115.5)	(39.8)	(115.5)
Proceeds from borrowings		–	90.0	–	90.0
Net cash flows (used in)/from financing activities		(58.5)	45.3	(57.8)	46.2
Net increase in cash		29.3	3.6	29.3	3.6
Cash at the beginning of the period		4.7	1.1	4.7	1.1
Cash at the end of the period		34.0	4.7	34.0	4.7

¹ £53.0 million related to the sale of the Ram Pub Company (see note 5). The remaining balance related to other disposals of tenanted sites.

² In the current period, the group repaid the £30.0 million Covid Corporate Financing Facility debt (net of £0.2 million fees) and the £10.0 million Revolving Credit Facility debt. During the prior period, repayments of borrowings related to £65.5 million of Revolving Credit Facility debt and £50.0 million of syndicated facility with RBS and Barclays.

The notes on pages 96 to 140 form part of these financial statements.

Group statement of changes in equity

At 28 March 2022

	Notes	Share capital ¹ £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
At 30 March 2020		13.6	1.8	(4.4)	248.4	331.4	590.8
Total comprehensive income							
Loss for the period		–	–	–	–	(38.3)	(38.3)
Other comprehensive income							
Unrealised gain on revaluation of property	19	–	–	–	9.0	–	9.0
Remeasurement of retirement benefit schemes	28	–	–	–	–	0.9	0.9
Net movement of interest rate swaps – cash flow hedge	26	–	–	2.5	–	–	2.5
Tax on above components of other comprehensive income	14	–	–	(0.5)	(3.8)	(0.2)	(4.5)
		–	–	2.0	5.2	0.7	7.9
Total comprehensive loss		–	–	2.0	5.2	(37.6)	(30.4)
Transactions with owners recorded directly in equity							
Share capital issued ²		1.3	–	–	–	83.6	84.9
Share based payments	32	–	–	–	–	(0.1)	(0.1)
Movement in shares held by The Ram Brewery Trust II		–	–	–	–	0.2	0.2
		1.3	–	–	–	83.7	85.0
At 29 March 2021		14.9	1.8	(2.4)	253.6	377.5	645.4
Total comprehensive income							
Profit for the period		–	–	–	–	34.4	34.4
Other comprehensive income							
Unrealised gain on revaluation of property	19	–	–	–	28.7	–	28.7
Remeasurement of retirement benefit schemes	28	–	–	–	–	17.2	17.2
Net movement of interest rate swaps – cash flow hedge	26	–	–	5.2	–	–	5.2
Tax on above components of other comprehensive income	14	–	–	(1.1)	(22.8)	(2.5)	(26.4)
		–	–	4.1	5.9	14.7	24.7
Total comprehensive income		–	–	4.1	5.9	49.1	59.1
Transactions with owners recorded directly in equity							
Share capital issued		0.1	–	–	–	–	0.1
Dividends paid on equity shares	16	–	–	–	–	(5.0)	(5.0)
Revaluation reserve realised on disposal of properties		–	–	–	(10.1)	10.1	–
Share based payments	32	–	–	–	–	0.1	0.1
		0.1	–	–	(10.1)	5.2	(4.8)
At 28 March 2022		15.0	1.8	1.7	249.4	431.8	699.7

¹ Total share capital comprises the nominal value of the share capital issued and fully paid of £7.3 million (2021: £7.3 million) and the share premium account of £7.7 million (2021: £7.6 million). Share capital issued in the period comprises the nominal value of £nil (2021: £1.2 million) and share premium of £0.1 million (2021: £0.1 million).

² During the prior period the group raised equity, generating proceeds of £84.8 million, net of transaction costs. A cash box structure was used in such a way that merger relief was available under Companies Act 2006, section 612, and thus no share premium was recorded. As the redemption of the cash box entity's preference shares was in the form of cash, the transaction was treated as qualifying consideration and the premium was therefore considered to be a realised profit.

The notes on pages 96 to 140 form part of these financial statements.

Parent company statement of changes in equity

At 28 March 2022

	Notes	Share capital ¹ £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
At 30 March 2020		13.6	1.8	(4.4)	239.2	336.4	586.6
Total comprehensive income							
Loss for the period		–	–	–	–	(38.1)	(38.1)
Other comprehensive income							
Unrealised gain on revaluation of property	19	–	–	–	9.0	–	9.0
Remeasurement of retirement benefit schemes	28	–	–	–	–	0.9	0.9
Net movement of interest rate swaps cash flow hedge	26	–	–	2.5	–	–	2.5
Tax on above components of other comprehensive income	14	–	–	(0.5)	(3.8)	(0.2)	(4.5)
		–	–	2.0	5.2	0.7	7.9
Total comprehensive loss		–	–	2.0	5.2	(37.4)	(30.2)
Transactions with owners recorded directly in equity							
Share capital issued ²		1.3	–	–	–	83.6	84.9
Share based payments	32	–	–	–	–	(0.1)	(0.1)
Movement in shares held by The Ram Brewery Trust II		–	–	–	–	0.2	0.2
		1.3	–	–	–	83.7	85.0
At 29 March 2021		14.9	1.8	(2.4)	244.4	382.7	641.4
Total comprehensive income							
Profit for the period ³		–	–	–	–	34.4	34.4
Other comprehensive income							
Unrealised gain on revaluation of property	19	–	–	–	28.7	–	28.7
Remeasurement of retirement benefit schemes	28	–	–	–	–	17.2	17.2
Net movement of interest rate swaps cash flow hedge	26	–	–	5.2	–	–	5.2
Tax on above components of other comprehensive income	14	–	–	(1.1)	(22.8)	(2.5)	(26.4)
		–	–	4.1	5.9	14.7	24.7
Total comprehensive income		–	–	4.1	5.9	49.1	59.1
Transactions with owners recorded directly in equity							
Share capital issued		0.1	–	–	–	–	0.1
Dividends paid on equity shares	16	–	–	–	–	(5.0)	(5.0)
Revaluation reserve realised on disposal of properties		–	–	–	(10.1)	10.1	–
Share based payments	32	–	–	–	–	0.1	0.1
		0.1	–	–	(10.1)	5.2	(4.8)
At 28 March 2022		15.0	1.8	1.7	240.2	437.0	695.7

1 Total share capital comprises the nominal value of the share capital issued and fully paid of £7.3 million (2021: £7.3 million) and the share premium account of £7.7 million (2021: £7.6 million). Share capital issued in the period comprises the nominal value of £nil (2021: £1.2 million) and share premium of £0.1 million (2021: £0.1 million).

2 During the prior period the group raised equity, generating proceeds of £84.8 million, net of transaction costs. A cash box structure was used in such a way that merger relief was available under Companies Act 2006, section 612, and thus no share premium was recorded. As the redemption of the cash box entity's preference shares was in the form of cash, the transaction was treated as qualifying consideration and the premium was therefore considered to be a realised profit.

3 The company's profit after tax from continuing operations for the period was £24.9 million (2021: loss after tax of £37.6 million). The company's profit after tax from discontinued operations was £9.5 million (2021: loss after tax of £0.7 million).

The notes on pages 96 to 140 form part of these financial statements.

Notes to the financial statements

For the 52 weeks ended 28 March 2022

1. General information

The group and parent company financial statements of Young & Co.'s Brewery, P.L.C. for the 52 week period ended 28 March 2022 were authorised for issue by the board of directors on 18 May 2022. Young & Co.'s Brewery, P.L.C. is a public limited company incorporated and domiciled in England and Wales. The company's shares are listed on the Alternative Investment Market of the London Stock Exchange. The nature of the group's operations and its principal activities are set out in note 6 and in the strategic report on pages 1 to 50.

The current period and prior period relate to the 52 weeks ended 28 March 2022 and the 52 weeks ended 29 March 2021 respectively.

The financial statements are presented in pounds sterling, which is the functional currency of the parent company, and all values are rounded to the nearest hundred thousand (£0.1 million), except where otherwise indicated.

Going concern

At 28 March 2022, the group had cash in bank of £34.0 million and committed borrowing facilities of £235.0 million, of which £135.0 million was drawn down. The group expects, by 27 June 2023 (the 'going concern' period), to have available facilities of £235.0 million, with the plan to renegotiate the £30.0 million term loan that is due March 2023. In addition to these committed facilities, we have a £10.0 million overdraft with HSBC, which is not committed, and is therefore not assumed to continue for the purpose of this assessment.

Aligned to the government's hospitality reopening plan, all the group's pubs were operating under severe restrictions until 19 July 2021 when all restrictions were finally lifted. The group is very pleased with trading levels across the year and the quick return to positive trading cash flow, including through the disrupted Omicron period. Cash reserves have been further supported during the period through the sale of the Ram Pub Company for total cash proceeds of £53.0 million.

Whilst the group's entire pub estate is trading well, it remains prudent to recognise a degree of uncertainty ahead due to any potential ongoing impact of covid-19 and to acknowledge the impact of the current cost inflation that could influence future profitability. The directors also acknowledge the current Russia/Ukraine situation and the potential indirect impact this could have on Young's with respect to any further increase in food and energy inflation, and possible reductions in consumer spending. At this point in time the directors consider that the sales and inflation assumptions used in the going concern scenarios are appropriate.

As part of the directors' consideration of the appropriateness of adopting the going concern basis, the group has modelled several scenarios for the going concern period. The key judgements applied are the extent of any potential future disruption to trading as a result of covid-19, and the inflationary cost pressures that the hospitality industry is currently facing. The base case model assumes we continue to trade as now, no restrictions and a confident market with trade continuing to build in line with Young's growth strategy. The general reduction in trade scenario looks at a decline of 20% in sales and 24% in profit across the period. This aims to capture the return of possible restrictions such as table service only, a recommendation to work from home, and any potential slowdown in consumer spending influenced by the current cost of living crisis. The cost inflation scenario includes an average 15% increase in the food cost base for the period with no retail price increases, utility pricing has been held at the base case rates given the group has forward bought utilities to March 2024. We have assumed capital expenditure levels will continue at historical levels and no structural changes to the business will be needed in any of the scenarios modelled.

In the base case; general reduction in trade; and cost inflation scenarios there continues to be significant headroom on our debt facilities, and all banking covenants are fully complied with throughout the going concern period.

The reverse stress test focused on the decline in sales and profit that Young's would be able to absorb before breaching any financial covenants or indeed any liquidity issues (the former being the main stress point given the debt headroom). Such a scenario, and the sequence of events that could lead to it, such as full closure of the pub estate for the summer and Christmas periods, is considered to be remote. There would need to be a sales reduction of c.50% and profit reduction of c.60% between May 2022 and March 2023 compared to the base case, a reduction far in excess of those experienced historically (with the exception of the restricted covid-19 period), before there is a breach of financial covenants in the period and is calculated before reflecting any mitigating actions such as reduced capital expenditure or suspension of dividends.

Young's has also considered the impact of climate change on going concern and has determined that there is no impact on the business during the going concern period. Aligned with our developing ESG strategy this will continue to feature in future assessments, as we determine the potential wider impact on our asset base, capex spend and cost of compliance.

Based on these forecasts and sensitivities, coupled with the current debt levels and the ongoing debt structure in place, the board has a reasonable expectation that the group is able to manage its business risks and to continue in operational existence until at least 27 June 2023. Accordingly, the board continues to adopt the going concern basis in preparing the consolidated financial statements.

2. Basis of preparation

The consolidated financial statements, and the company financial statements, have been prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The company has taken advantage of section 408 of the Companies Act 2006 not to present the parent company profit and loss account.

IFRS, as applicable in the UK, includes the application of International Financial Reporting Standards including International Accounting Standards (IAS) and related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Interpretations of the Standing Interpretations Committee (SIC). During the period, new IFRS and amendments to existing IFRS were issued by the International Accounting Standards Board (IASB). The impact and, if applicable, the adoption of these standards is described below in 'New Accounting Standards, Amendments and Interpretations'.

No separate income statement or statement of comprehensive income are presented for the company, as permitted by section 408(3) of the Companies Act 2006.

In preparing the group financial statements, management have considered the impact of climate change, taking into account the relevant disclosures in the strategic report. This included a review of both physical climate risks and transitional climate risks, taking into regard recommendations issued by the Taskforce on Climate-related Financial Disclosures. In particular, assets with indefinite or long lives were assessed for impairment by taking into account global warming. No issues were identified that would impact such assets carrying values or have a material impact on the financial statements and is not expected to have a significant impact on the group's going concern assessment to May 2023 nor the next five years.

New Accounting Standards, Amendments and Interpretations

The group applied for the first-time certain standards and amendments. IFRS 5 has been applied due to the disposal of a major part of the group's operations during the period. Covid-19-Related Rent Concessions Beyond 20 June 2021 and the Interest Rate Benchmark Reform (Phase 2) are new amendments which are effective in the current period. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Non-current Assets Held for Sale and Discontinued Operations – IFRS 5

In the current period, the group disposed of the majority of pubs previously traded under the Ram Pub Company segment, operating as tenanted sites. These were disclosed separately in the segmental reporting note (see note 6). Management has concluded that the sale meets the definition of a discontinued operation under IFRS 5.

A discontinued operation is a component of the entity that has been disposed of, or is classified as held for sale, and that represents a separate major line of business and is part of a single coordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately in the income statement. The sale was completed in one transaction to one buyer and all related assets and liabilities together met the definition of a disposal group.

As a result of the above, the financial statements for the period ended 28 March 2022 and prior comparative periods have been restated in accordance with the standard to re-present discontinued operations in the income statement and instead display the impact as a separate income statement line showing the post-tax profit of discontinued operations.

Further detailed analysis of that single amount into revenue, expenses and cash flows is disclosed in note 5.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

In future periods, the group will no longer be disclosing the Ram Pub Company as a separate segment in the segmental reporting note due to the majority of the Ram Pub Company pubs' disposal. The segments that will be disclosed in future periods will be Managed and Other, with any tenanted sites included in Other on account of their materiality.

Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

In the prior period, amendments were made to IFRS 16 (Leases) to provide relief to lessees from applying the IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. As a practical expedient, the group elected not to assess whether covid-19-related rent concessions from a lessor were a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19-related rent concession in the same way that it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was initially intended to apply until 30 June 2021, but as the impact of the covid-19 pandemic continued, the practical expedient has been extended to the 30 June 2022. This resulted in the practical expedient being applied to six property leases which were granted lease concessions during the period due to covid-19.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

2. Basis of preparation continued

Adoption of the amendment has been applied retrospectively and had no material impact on opening retained earnings, the opening lease liabilities or the opening right-of-use assets due to the timing of the rent concessions. Rent concessions were treated as a contingency that fixed previously variable lease payments. In such cases, the lease liabilities were remeasured, using the remeasured consideration, with a corresponding adjustment to the right-of-use assets.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendment provides temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In the case of the group, London Interbank Offered Rate (LIBOR) based interest rates have been fully replaced by Sterling Overnight Index Average (SONIA) during the period. The amendment includes the following practical expedients which the group has taken advantage of on transition:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest on the basis that the change was a direct consequence of the reform and that contractual cash flows are economically equivalent to the previous basis preceding the change;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments did not have a material impact on the group.

Other standards

The directors will adopt the following Standards, Amendments and Interpretations listed below in the first full financial period following their effective date. The directors do not expect that adoption in future periods will have a material impact:

New Standard	Accounting Standard	Effective date
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

3. Summary of significant accounting policies

The significant accounting policies adopted are set out below and have been applied consistently in presenting the group and parent company financial information.

(a) Basis of consolidation

The group's financial statements consolidate the financial statements of Young & Co.'s Brewery, P.L.C. with the entities it controls, its subsidiaries and a special purpose entity, drawn up to the period end. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The special purpose entity is the Ram Brewery Trust II; the trust holds assets for the benefit of employees and former employees, is an ESOP trust and is consolidated in the group and treated as an extension of the company in the parent company accounts.

The results of subsidiaries acquired or disposed of during the period are included in the group income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The financial statements of the subsidiaries and special purpose entity are consolidated on a comparable period basis, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising on them, are eliminated.

(b) The parent company's investments in subsidiaries

In its separate financial statements, the parent company recognises its investments in its subsidiaries on the basis of cost less provision for impairment. Income is recognised from these investments in relation to distributions received.

(c) Revenue recognition

Revenue is measured at the transaction price when control passes to the customer in respect of goods and services provided, net of discounts and VAT. The recognition of revenue under each of the group's material revenue streams is as follows:

Sale of goods

Revenue is recognised at a point in time when control of the goods or services is transferred to the customer.

Accommodation sales

Revenue is recognised on a straight-line basis over the duration of the room occupation.

Rental income

Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease term. As a result of covid-19, various rental concessions were granted to lessees. Where a rent concession was granted, the remaining consideration was spread over the remaining lease term. Rental income does not fall within the scope of IFRS 15.

(d) Adjusting items

Adjusting items are separately disclosed in order to draw them to the attention of the reader of the financial statements. This is due either to their material and non-recurring nature or that, in management's judgement, they are required to be disclosed separately in order to present the underlying business performance of the group in a consistent manner and to reflect how the business is managed and measured on a day-to-day basis. The tax treatment for adjusting items is consistent with tax treatment for non-adjusting items.

(e) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree. The consideration transferred is measured at the acquisition date fair value. The non-controlling interest is measured as the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in operating adjusting items.

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Property and equipment

Freehold properties, including land and buildings, fixtures, fittings and equipment are held at fair value and are revalued by qualified valuers on a sufficiently regular basis using open market values so that the carrying value of an asset does not differ significantly from its fair value at the balance sheet date. The valuation is assessed on the basis of the highest and best use.

Surpluses which arise from the revaluation exercise are included within other comprehensive income (in the revaluation reserve) unless they are reversing a revaluation adjustment which has been recognised in the income statement previously. Where the revaluation exercise gives rise to a deficit, this is reflected directly in other comprehensive income (in the revaluation reserve) to the extent that a surplus exists against the same asset. Any further decrease in value is recognised in the income statement as an adjusting expense. At the date of revaluation, any accumulated depreciation is eliminated to the extent of the difference between the revalued amount and the carrying value of the asset immediately before valuation.

Leasehold improvements and fixtures, fittings and equipment within those sites are measured at cost on recognition, and are stated as such less any accumulated depreciation.

The carrying amount of an asset, less any residual value, is depreciated on a straight-line basis over the asset's useful life or lease term, if shorter. The residual value, useful life and depreciation method applied to each asset are reviewed annually. The group does not depreciate freehold land or the residual value of its freehold buildings.

Useful lives:

Freehold buildings	50 years
Leasehold improvements	Shorter of the estimated useful life and the lease term
Fixtures, fittings and equipment	3-10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 3(h)).

The gain arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the income statement. Property and equipment are treated as disposals in the period of their write-down.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

3. Summary of significant accounting policies continued

(g) Asset held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Additional disclosures relating to discontinued operations are provided in note 5. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(h) Impairment of assets

The carrying values of investments, property and equipment and right-of-use assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is mandatorily assessed for impairment on an annual basis or more frequently if there are indications that the carrying value may be impaired.

Impairment is assessed on the basis of either each individual asset or each individual cash generating unit (an individual pub), or, in the case of goodwill, the group of cash generating units associated with it. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units (or groups of cash generating units) that are expected to benefit from the combination.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and the value in use, and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Value in use is assessed by reference to the estimated future cash flows which are discounted to present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The value in use calculations are based on the most recent budget and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. The value in use calculations generally cover a period of five years, after which a long-term growth rate is applied to project future cash flows.

The impact of climate change has been considered as part of the impairment assessment, including both physical and transitional risks. Due to the nature of the group's operations, climate risk is not considered to have a material impact on any CGU's value in use calculation and is therefore not expected to result in any impairment.

Impairment losses are recognised in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the group income statement unless the impairment loss relates to goodwill, in which case it is not reversed.

(i) Right-of-use assets

The group recognises right-of-use assets at the commencement date of a new lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of a right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred, including lease premiums to take on a lease, and lease payments made at or before the commencement date less any lease incentives received, unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to the group's accounting policy for impairment.

(j) Leases

At inception of a contract, the group considers whether the contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(1) Where the group is the lessee

At the commencement date of a new lease, the group recognises a lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating a lease or payments for exercising an extension option, if the lease term reflects the group exercising the option to terminate or extend the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the amounts expected to be payable under a residual value guarantee, a change in variable lease payments based on an index or a rate, a modification that is not accounted for as a separate lease, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The group has taken the recognition exemption for short-term leases and low-value leases. Expenses from such leases have been recognised in the income statement on a straight-line basis over the lease term.

The group has applied the practical expedient available in assessing whether covid-related rent concessions were a lease modification.

(2) Where the group is the lessor

Assets leased out under operating leases are included within property and equipment and are depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight-line basis over the lease term. As a result of covid-19 various rent concessions have been granted to lessees. Rent concessions granted to tenants are treated as variable rent payments, under which the variable element of rent is taken directly to the profit and loss statement in the period that it relates to.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost formula used is equivalent to a 'First in, First out' method.

(l) Cash

Cash in the balance sheet comprises cash at banks, cash in transit due from credit card providers and cash in hand. For the purpose of the group and parent company cash flow statements, cash is net of outstanding bank overdrafts. Cash and cash equivalents include only deposits which mature in less than three months.

(m) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost. When applicable, trade and other payables are analysed between current and non-current liabilities on the face of the balance sheet, depending on when the obligation to settle will crystallise.

(n) Interest bearing loans and borrowings

All loans and borrowings are recognised initially at fair value. Directly attributable transaction costs are capitalised and amortised over the life of the facility using the effective interest method through finance expense.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Expected credit losses are recognised from initial recognition based on the group's historical credit loss experience, factors specific for each loan, the current economic climate and expected changes in forecasts of future events. Changes in expected credit losses are recognised in the income statement.

(o) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because the former excludes items of income or expense that are taxable or deductible in other years and also excludes items that are never taxable or deductible. The group's liability for current tax is calculated using UK tax rates that have been enacted under UK law and that are applicable to the period.

The current tax expense is recognised in the income statement unless it relates to items that are credited or charged to equity, in which case it is credited or charged directly to equity.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

3. Summary of significant accounting policies continued

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, with the following exceptions:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax relating to items recognised outside the profit and loss is recognised either in other comprehensive income or directly in equity. Deferred tax on those items is recognised consistently with the underlying transaction.

Where capital gains have been rolled over for tax purposes, a deferred tax liability is recorded on the rolled over gain to reflect the tax that may be due on this amount at a future date.

Where there has been an upward revaluation of an asset and the asset is expected to be realised through disposal, a deferred tax liability is recorded based on the difference between the indexed cost of the asset less any capital gains which have been rolled over against the asset and the revalued amount.

Deferred tax is measured on an undiscounted basis at the UK tax rates that are expected to apply on reversal of the underlying temporary differences, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(p) Accounting for the ESOP Trust

The capital gains tax liability that may arise on the notionally allocated shares in the Ram Brewery Trust II when they are transferred to employees is recognised as a provision in the financial statements under trade and other payables.

(q) Derivative financial instruments and hedging

The group uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how its effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

Where cash flow hedge accounting is not applied, the movement in the fair value of the derivative is recognised immediately in the income statement. Where cash flow hedge accounting is applied, as in the case of the interest rate swaps held by the group, the effective portion of the gain or loss on the hedging instrument is recognised in the statement of comprehensive income, while the ineffective portion is recognised in the income statement.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs, at which point they are immediately expensed. If the related transaction is not expected to occur, the amount held in equity is immediately expensed.

In the current period, there has been a reform to update the benchmark interest rates across both borrowings and derivatives from LIBOR to SONIA. The group has taken advantage of practical expedients available for the transition period as discussed in note 2.

(r) Pensions and other post-retirement benefits

The company operates one defined benefit pension scheme, namely the Young & Co.'s Brewery, P.L.C. Pension Scheme, a defined contribution pension scheme and a post-retirement health care scheme.

Contributions to the defined contribution scheme are recognised in the income statement in the period in which they become due.

For the defined benefit scheme, the actuarial cost charged to the income statement in the period consists of the current service cost, net interest on the net defined benefit liability or asset, past service cost and the impact of any settlements or curtailments.

Remeasurements of the defined benefit pension and post-retirement health care schemes are recognised in full in the statement of comprehensive income in the period in which they relate.

The net defined benefit pension liability or asset in the balance sheet comprises the present value of the defined benefit obligations less the fair value of scheme assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of the present value of any amount the group expects to recover by way of refunds from the scheme or reductions in the future contributions.

Post-retirement health care benefits are provided for certain employees and certain directors. Entry to the scheme is on a discretionary basis. The annual premium for providing cover is determined by BUPA. This information is taken by qualified actuaries who then assess the reserve required to provide this benefit for participants' future lifetimes, using IAS 19 assumptions. The liability for new entrants is recognised through the income statement in the period in which the benefit is granted. Remeasurements of health care benefits are recognised in full directly in the statement of comprehensive income.

(s) Trade and other receivables

Trade receivables are initially recognised at the transaction price less impairment as they do not contain a significant financial component. In measuring and recognising the impairment, the group has applied the simplified approach to expected credit losses. Expected credit losses are recognised from initial recognition based on the group's historical credit loss experience, factors specific for each receivable, the current economic climate and expected changes in forecasts of future events. Changes in expected credit losses are recognised in the income statement.

(t) Share based payments

The group operates two types of share based payment arrangements: a director/senior management employee deferred bonus scheme ('DAB') and a Save-As-You-Earn ('SAYE') scheme.

Under the DAB, directors and senior management are encouraged to receive bonus payments in the form of shares instead of cash. They are encouraged to do this by being offered 'matching' shares (see note 32). The 'matching' shares constitute shares with non-market performance based vesting conditions over three years. The group has used the 'grant date model' as its valuation model for recording the fair value of these equity instruments at the date when they were originally granted. The fair value of equity represents the market value of the shares at grant date, less the nominal value which the employees will pay.

Under the SAYE scheme, eligible employees are encouraged to save over a set period and then, if they choose, purchase shares at the price set before the start of that period (see note 32). The group uses the 'Black-Scholes model' as its valuation model for valuing awards at fair value.

The fair value cost of both schemes is expensed to the income statement with a corresponding credit in equity on a straight-line basis over the vesting period. The cumulative expense also takes account of the group's estimate of the number of shares that will ultimately vest.

(u) Use of estimates

The preparation of financial information in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

The areas involving a higher degree of judgement or complexity, or where the most sensitive estimates and assumptions are significant to the financial statements, are set out in note 4.

(v) Supplier income

The group earns supplier income through purchase volume-related discounts and stocking incentives. Most of the supplier income received relates to volume discounts and is driven by the number of units purchased from suppliers. The volume discounts relate to adjustments to a gross purchase price, and as such are recognised on an accrual basis at the point of purchase. Stocking incentives are earned through a fixed payment in return for fulfilling certain stocking obligations, including number of stockists. Supplier income is recognised when the group has met all obligations conditional for earning the income and it is recognised as a credit within cost of sales.

Outstanding amounts due from suppliers for earned income at the period end are recognised within trade receivables, except in cases where the group has rights of set-off and intends to offset these against trade payables to suppliers.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

3. Summary of significant accounting policies continued

(w) Government grants and assistance

Government grants represent monetary resources transferred to the group by the Government, government agencies or similar bodies. These are recognised at fair value when the group has reasonable assurance that it will comply with any conditions attached to the grant and that the grant will be received. Government grants are recognised in the income statement, on a systematic basis, over the same period during which the expenses, for which the grant was intended to compensate, are recognised.

Government assistance represents monetary and non-monetary resources received from government agencies or similar bodies. Where monetary assistance has been received the benefit has been recorded against the associated expense at the time the assistance was received. See note 10.

Government grants

Coronavirus Job Retention Scheme ('CJRS')

Under this scheme, HMRC reimbursed up to 80% of the wages of certain employees who were furloughed up to a maximum of £2,500 per employee per month. The scheme was designed to compensate for staff costs, so amounts received were recognised in the income statement over the same period as the costs to which they relate. The CJRS scheme was utilised in both the current period and the prior period, with amounts received recognised within operating costs in the income statement.

Eat Out to Help Out

In the prior period, from 3 August 2020 to 31 August 2020, HMRC offered a 50% discount on food and non-alcoholic drinks, capped to £10 per person, when dining out between Monday and Wednesday. The group took advantage of this scheme. In the prior period income statement, revenue included amounts reimbursed from HMRC in respect of the scheme.

Government grant income

In the prior period, sites with a rateable value between £15,000 and £51,000 were eligible for a £25,000 grant with no further qualifying conditions. The business also received support from the various local restriction support grants administered by local councils in response to the various restrictions placed on trading between November 2020 and March 2022. In the current period, this included Restart Grants available from April 2021 and Omicron Hospitality & Leisure Grants in December 2021. Income relating to the various grants was recognised in other income in the prior period income statement.

Covid Corporate Financing Facility ('CCFF')

In the prior period, the group took advantage of 364-day commercial paper issued to the Bank of England at a favourable yield which was deemed to constitute a government grant. The debt was recognised within current borrowings on the balance sheet at fair value, with the grant element, reflecting the favourable yield, recognised as deferred income within trade and other payables. On amortisation, the grant element was recognised within finance costs, consistent with where the cost is recognised, as the group's policy is to present the income as a deduction from the related expense. The commercial paper was fully repaid in the current period.

Government assistance

Business rates relief

In the prior period, businesses in the retail, hospitality and leisure sectors in England were exempt from business rates for the 2020 to 2021 tax year. No business rate charge was therefore recognised in the income statement for the period ending 29 March 2021. In the current period, the business rates exemption was extended to 30 June 2021. This was then followed by 66% business rates relief for the period 1 July 2021 to 31 March 2022, capped at £2.0 million.

Deferred VAT payments

In the prior period, eligible businesses were able to defer VAT payments due between 20 March 2020 and 30 June 2020. The VAT deferred became due for payment by 31 March 2021.

4. Key accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

In the current period, covid-19 continued to have an impact on trading performance. Accordingly, this has had an impact upon the key estimates, judgements and assumptions used in the period to which the management have considered when determining the impact upon the valuation of property and equipment, carrying value of goodwill, pension obligations and cash flow forecasts, including those used in the going concern model.

In applying the group's accounting policies, the following estimates are considered to carry the most significant risk of resulting in a material adjustment to the reported amount in the next financial year if the actual outcome differs from these estimates:

(a) Valuation of property and equipment

The group is required to value property and equipment on a sufficiently regular basis using open market values to ensure the current carrying value does not differ significantly from the fair value. The valuation, performed by qualified valuers, is based on market observations and estimates on the selling price in an arms' length transaction, and includes estimates of future income levels and trading potential for each pub, as well as taking into account other factors such as location, tenure and current income levels. See notes 15 and 19.

(b) Carrying value of goodwill

The group considers annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in note 3(h). The recoverable amounts for cash generating units have been determined based on value in use calculations. This calculation requires the use of estimates, including growth rates, capital maintenance expenditure, climate change assumptions and pre-tax discount rates. See notes 3(h) and 18.

(c) Defined benefit pension and health care scheme obligations

Measurement of defined benefit pension and health care scheme obligations requires an estimate of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate. These have been determined on advice from an independent qualified actuary. See notes 3(r) and 28.

The critical judgements considered to carry the most significant risk of a material adjustment to the reported amount if the actual outcome differs from these judgements are as follows:

(d) Business combinations

When assets are acquired, management determines whether the assets form a business combination. Business combinations must involve the acquisition of a business, which generally have three elements: inputs, process, and output.

A fair value exercise of both the consideration paid and the net assets acquired is performed once it is determined that a business combination has taken place. If the fair value of the consideration is in excess of the fair value of the net assets acquired, the difference is recognised as goodwill. If the opposite occurs, the difference is recognised in the income statement. The group makes judgements in relation to the fair value of the consideration, the net assets acquired and whether the purchase represents a business combination. See notes 3(e), 15, 18 and 19.

(e) Taxation

The group reviews potential tax liabilities and benefits to assess the appropriate accounting treatment. Tax provisions are made if it is probable that a tax authority will not accept a tax treatment in a previously filed or future tax return. Tax benefits are not recognised unless it is probable that they will be recovered. Calculating the group's tax provisions requires judgements to be made based on past experience and the current tax environment. See notes 3(o), 14 and 27.

(f) Leases

IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the group to terminate the lease term, the group makes a judgement as to whether it is reasonably certain that the option will be taken. This will take into account the length of time remaining before the option is exercisable, current trading, future trading forecasts as to the ongoing profitability of the asset and the level and type of planned future capital investment. The group has reviewed long leaseholds and made a judgement to classify these as right-of-use assets on the basis that none of the leases convey a right or option to purchase at the lease end date and hence control of the building would never pass to the group, only the right to use it. See note 30.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

5. Discontinued operations

On 2 July 2021, the board made the decision to sell most of its tenanted estate, the Ram Pub Company. At this date, 56 of the 63 pubs in Ram Pub Company were classified as a disposal group held for sale and as a discontinued operation. On 9 August 2021, the sites were disposed of for a total consideration of £53.0 million. The sale was consistent with the group's strategy to increase value for shareholders through focussing solely on operating premium, individual, differentiated and predominantly freehold managed pubs and hotels.

Total revenue generated from the Ram Pub Company in the period was £3.6 million, of which £1.0 million related to continuing operations and the remaining £2.6 million related to discontinued operations. The results from discontinued operations for the period are presented below:

	2022 £m	2021 £m
Revenue from sales of goods	2.1	2.0
Rental income	0.5	0.6
Total revenue	2.6	2.6
Operating costs	(1.8)	(3.5)
Adjusted operating profit/(loss)	0.8	(0.9)
Adjusting items ¹	9.0	0.2
Profit/(loss) before tax from discontinued operations	9.8	(0.7)
Income tax expense	(0.3)	–
Profit/(loss) after tax from discontinued operations	9.5	(0.7)

¹ Adjusting items related to the difference between cash less disposal costs received from the sale of the 56 sites and the carrying value of their assets, at the date of disposal. During the previous 52 week period to 29 March 2021, the adjusting items related to the net upward movement on the revaluation of properties in excess of amounts recognised in equity. See note 11.

The major class of asset disposed of as part of the discontinued operations was property and equipment with a fair value of £43.4 million. Deferred tax liabilities of £1.5 million were also de-recognised. No other assets or liabilities were disposed of as part of the disposal group. A realised property gain in the revaluation reserve of £8.9 million was transferred to retained earnings on disposal.

The net cash flows incurred in respect of the discontinued operations were as follows:

	2022 £m	2021 £m
Operating	0.1	(5.0)
Investing	52.5	(0.7)
Financing	(0.1)	(0.2)
Net cash inflow/(outflow)	52.5	(5.9)

For basic, diluted and the effect of adjusting items on earnings/(loss) per share on discontinued operations see note 17(c).

For tax charged on discontinued operations see note 14.

6. Segmental reporting

The group is organised into the reporting segments referred to below. These segments are based on the different resources and risks involved in the running of the group. The executive board of the group internally reviews each reporting segment's operating profit or loss before adjusting items for the purpose of deciding on the allocation of resources and assessing performance.

The group historically has two operating segments: managed houses and tenanted houses. The managed house segment operates pubs. Revenue is derived from sales of drink, food and accommodation. The tenanted house segment consists of pubs owned or leased by the company and leased or subleased to third parties. Revenue is derived from rents payable by, and sales of drink made to, tenants. Unallocated relates to head office income and costs, and unlicensed properties. During the period, most of the pubs within the tenanted house segment have been disposed of and classified as a discontinued operation. Segmental reporting is in respect of continuing operations only. For discontinued operations see note 5.

Total segment revenue is derived externally with no intersegment revenues between the segments in either period. The group's revenue is derived entirely from the UK.

Income statement

	Managed houses £m	Tenanted houses £m	Segments total £m	Unallocated £m	Total £m
2022					
Sales of goods	295.4	0.5	295.9	–	295.9
Accommodation sales	12.3	–	12.3	–	12.3
Total revenue from contracts with customers from continuing operations	307.7	0.5	308.2	–	308.2
Rental income	–	0.5	0.5	0.3	0.8
Total revenue recognised from continuing operations	307.7	1.0	308.7	0.3	309.0
Adjusted operating profit/(loss) from continuing operations	72.1	0.4	72.5	(21.1)	51.4
Adjusting items	(0.4)	2.2	1.8	(1.5)	0.3
Operating profit/(loss) from continuing operations	71.7	2.6	74.3	(22.6)	51.7
Restated 2021					
Sales of goods	84.5	0.3	84.8	–	84.8
Accommodation sales	2.5	–	2.5	–	2.5
Total revenue from contracts with customers from continuing operations	87.0	0.3	87.3	–	87.3
Rental income	–	0.4	0.4	0.3	0.7
Total revenue recognised from continuing operations	87.0	0.7	87.7	0.3	88.0
Adjusted operating loss from continuing operations	(18.6)	–	(18.6)	(14.6)	(33.2)
Adjusting items	(0.6)	(0.2)	(0.8)	(0.5)	(1.3)
Operating loss from continuing operations	(19.2)	(0.2)	(19.4)	(15.1)	(34.5)

£0.3 million of unallocated income (2021: £0.3 million) is rental income derived from unlicensed properties.

The following is a reconciliation of the operating profit to the profit before tax for continuing operations:

	2022 52 weeks £m	Restated 2021 52 weeks £m
Operating profit/(loss) from continuing operations	51.7	(34.5)
Finance costs	(9.5)	(9.8)
Finance charge for pension obligations	(0.1)	(0.2)
Profit/(loss) before tax from continuing operations	42.1	(44.5)

Balance sheet

	Managed houses £m	Tenanted houses £m	Segments total £m	Unallocated £m	Total £m
2022					
Segment assets	975.8	8.9	984.7	39.1	1,023.8
Deferred tax assets	–	–	–	4.1	4.1
Cash	–	–	–	34.0	34.0
Total assets from continuing operations	975.8	8.9	984.7	77.2	1,061.9
Other segmental information from continuing operations					
Depreciation of property, equipment and right-of-use assets (note 19, note 20)	(30.1)	(0.1)	(30.2)	(0.8)	(31.0)
Additions to non-current assets ¹	69.0	–	69.0	5.4	74.4
Net movements in property valuation through income statement (note 11, note 19)	2.3	–	2.3	(1.5)	0.8

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

6. Segmental reporting continued

2021	Managed houses £m	Tenanted houses £m	Segments total £m	Unallocated £m	Total £m
Segment assets	898.7	61.8	960.5	22.5	983.0
Deferred tax assets	–	–	–	8.6	8.6
Cash	–	–	–	4.7	4.7
Asset held for sale	–	1.2	1.2	–	1.2
Total assets from continuing operations	898.7	63.0	961.7	35.8	997.5
Other segmental information from continuing operations					
Depreciation of property, equipment and right-of-use assets (note 19, note 20)	(30.4)	(2.2)	(32.6)	(1.1)	(33.7)
Additions to non-current assets ¹	19.3	0.7	20.0	1.3	21.3
Net movements in property valuation through income statement (note 11, note 19)	0.9	0.9	1.8	–	1.8

¹ Non-current assets for this purpose consist of property and equipment, right-of-use assets and intangible assets.

7. Revenue

The recognition of revenue from continuing operations under each of the group's material revenue streams is as follows:

	2022 £m	Restated 2021 £m
Sales of goods	295.9	84.9
Accommodation sales	12.3	2.5
Total revenue from contracts with customers	308.2	87.4
Rental income	0.8	0.6
Total revenue recognised	309.0	88.0

8. Operating costs before adjusting items

The table below shows operating costs before adjusting items from continuing operations:

	2022 £m	Restated 2021 £m
Changes in inventories of finished goods and raw materials	(2.1)	0.7
Raw materials, consumables and finished goods used	65.4	19.2
Employment costs (note 9(a))	115.0	92.1
Depreciation of properties (note 19)	24.0	24.4
Depreciation of right-of-use assets (note 20)	7.0	7.4
Expense relating to short-term, low value or variable rent payments (note 30)	0.7	0.2
Other operating costs ¹	52.6	(18.1)
	262.6	125.9
Auditor's remuneration in respect of audit of the group financial statements	0.4	0.3

¹ Credits of £2.2 million (2021: £43.3 million) in respect of the Coronavirus Job Retention Scheme ('CJRS') have been recognised within other operating costs, as permitted by IAS 20.

9. Employment

(a) Costs and employee numbers

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Wages and salaries	104.8	84.2	104.8	82.8
Social security	8.0	6.2	7.9	6.2
Pension and health care schemes	2.2	1.7	2.2	1.7
Employment costs	115.0	92.1	114.9	90.7

The group's and the company's average monthly number of employees was 4,850 (2021 group and company: 4,714 and 4,600 respectively). The group's and the company's number of employees at the period end was 5,275 (2021 group and company: 4,185).

The group's and the company's average monthly number of operational employees was 4,737 (2021 group and company: 4,590 and 4,476 respectively). The group's and the company's number of operational employees at the period end was 5,156 (2021 group and company: 4,071).

The group's and the company's average monthly number of administration employees was 113 (2021 group and company: 123). The group's and the company's number of administration employees at the period end was 119 (2021 group and company: 114).

(b) Directors' emoluments

	Basic salary and fees ¹ 2022 £000	Basic salary and fees ¹ 2021 £000	Benefits ² 2022 £000	Benefits ² 2021 £000	Bonus ³ 2022 £000	Bonus ³ 2021 £000	Total excluding pension costs 2022 £000	Total excluding pension costs 2021 £000
Stephen Goodyear	97	92	—	—	—	—	97	92
Patrick Dardis	466	435	2	2	670	—	1,138	437
Mike Owen	309	289	2	2	436	—	747	291
Simon Dodd	236	220	17	17	287	—	540	237
Tracy Dodd	223	213	2	2	262	—	487	215
Nick Miller	48	40	—	—	—	—	48	40
Ian McHoul	48	40	—	—	—	—	48	40
Torquil Sligo-Young ⁴	49	105	8	16	—	—	57	121
Aisling Meany ⁵	25	—	—	—	—	—	25	—
Roger Lambert ⁶	14	40	—	—	—	—	14	40
Trish Corzine ⁷	—	31	—	—	—	—	—	31
Total	1,515	1,505	31	39	1,655	—	3,201	1,544

1 Certain car-related benefits can be taken as benefits in kind, in cash or as a combination of the two. Where any cash is taken, that sum is included with the amounts shown in the 'Basic salary and fees' columns.

2 These relate to cars and/or private medical insurance.

3 For 2022, the remuneration committee determined that performance-related bonuses were payable, at 100% of maximum, to the executive directors pursuant to the bonus award letters issued in respect of FY2021/22. The remuneration committee further determined that a discretionary ex-gratia bonus of 25% of basic salary was payable to the executive directors in December 2021. For 2021, the remuneration committee determined that no performance-related bonuses were payable to the executive directors pursuant to the bonus award letters issued in respect of FY2020/21.

4 Torquil Sligo-Young stepped down as an executive director on 30 September 2020 and became a non-executive director. Included within the amount shown in the 'Benefits 2021' column is a cash contribution paid towards private medical insurance. Note 9(e) on page 110 sets out the gains made on the exercise of share options.

5 Aisling Meany was appointed to the board on 1 September 2021.

6 Roger Lambert stepped down from the board on 31 July 2021.

7 Trish Corzine stepped down from the board on 11 January 2021.

(c) Retirement benefits

Defined benefit pension scheme

The company operates a defined benefit pension scheme: the Young & Co.'s Brewery, P.L.C. Pension Scheme. All active members contribute to it and continue to accrue benefits; during the period, those contributions were, on average, at a rate between 8% and 11% of pensionable earnings, dependent on each member's accrual rate. The scheme invests largely in managed funds and liability driven investments such as gifts. The company accounts for retirement benefits in accordance with IAS 19; detailed disclosures covering this are set out in note 28. No director was accruing any defined benefit under the scheme as at 28 March 2022. Further, no director accrued any defined benefit under the scheme during the period. Stephen Goodyear, Patrick Dardis and Torquil Sligo-Young are pensioner members of the scheme.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

9. Employment continued

Defined contribution pension scheme

The company operates a defined contribution pension scheme. As at 28 March 2022, Mike Owen, Simon Dodd and Tracy Dodd were members of the scheme and accruing retirement benefits under it. For the period, the company paid the following contributions into the scheme for them in respect of their qualifying services, being an amount equal to not more than 6% of their pensionable earnings, up to a pensionable earnings cap of £172,800: for Mike Owen – £7,820 (2021: £8,817), for Simon Dodd – £9,972 (2021: £9,972) and for Tracy Dodd – £9,972 (2021: £9,972). The company contribution rates for these three individuals are aligned with the contribution rates for staff at Copper House (and certain others) who are members of the scheme.

Post-retirement health care

The company bears the cost of post-retirement health care premia for certain employees and ex-employees (see note 28).

(d) Profit sharing scheme

This scheme, which involved an annual profit share allocation, was closed some time ago. As a result, it has effectively been in 'run-off', with periodic releases of accrued entitlements, represented by A shares, happening as and when a member reaches their normal retirement date. Several years ago, it was agreed with HM Revenue & Customs that all accrued entitlements could be released free of tax, even where an individual had not reached their retirement date. No A shares were released to scheme members during the period (2021: nil). As at 28 March 2022, an accrued entitlement effectively remained in respect of 712 A shares (2021: 712 A shares).

(e) Savings-related share option scheme

The company operates a savings-related share option scheme. Ordinarily, from year to year, eligible employees of the group are invited to join the scheme and be granted options to buy shares in the company. Employees must agree to save a fixed monthly amount with a savings institution through deductions from net salary, generally over a three-year period. The amount to be saved determines the number of shares over which an option is granted. If the board chooses, options are granted at a discount of up to 20% of the market price of a share at the time invitations are sent out to join the scheme for that year. There are no performance conditions other than continued employment. In the period, options over 130,746 A shares were granted under the scheme at an exercise price of 1,176 pence per share. The options will generally be exercisable between 1 February 2025 and 31 July 2025. Due to the impact of covid-19 and the disproportionate impact of furlough on a significant proportion of the group's employees, no invitations to join the scheme were sent out in the prior period.

Of the directors who served throughout or during the period, only the following have an entitlement to A shares under the scheme:

	At 29 March 2021	Granted	Exercised	Lapsed	At 28 March 2022	Exercise price (pence per share) ¹	Ordinarily exercisable from	Ordinarily exercisable to	Gains made on exercise of share options (£) ²
Torquil Sligo-Young	659	–	659	–	–	1,364	01.09.21	28.02.22	830
Tracy Dodd	–	1,071	–	–	1,071	1,176	01.02.25	31.07.25	–
Simon Dodd	–	1,530	–	–	1,530	1,176	01.02.25	31.07.25	–
Michael Owen	–	1,530	–	–	1,530	1,176	01.02.25	31.07.25	–
	At 30 March 2020	Granted	Exercised	Lapsed	At 29 March 2021				
Torquil Sligo-Young	659	–	–	–	659	1,364	01.09.21	28.02.22	–
Tracy Dodd	1,013	–	–	1,013	–	1,066	01.09.20	28.02.21	–

¹ The exercise prices of 1,364p and 1,176p per share represent a discount of not more than 20% to the market price of an A share at the time the relevant invitations to join the scheme were issued, being 1,705p per share and 1,470p per share, respectively.

² The gain made on the exercise of a share option is calculated by taking the difference between the exercise price and the opening market price of an A share on the day the option is exercised, and then multiplying that by the number of A shares in respect of which the option is exercised.

10. Government grants and assistance

During the current period, the group was eligible for a number of government grant schemes which were introduced to mitigate the impact of covid-19. The impact of each scheme on the income statement for the period ended 28 March 2022 was as follows:

Government grant scheme	Income statement line impacted	2022 £m	2021 £m
Eat Out to Help Out	Revenue	–	2.4
Government grant income	Other income	5.0	4.7
Coronavirus Job Retention Scheme ('CJRS')	Operating costs before adjusting items	2.2	43.3
Covid Corporate Financing Facility ('CCFF')	Finance costs	–	0.1
Total government grants received		7.2	50.5

All government grants received were in respect of continuing operations.

At 29 March 2021, £29.8 million was recognised within current borrowings in the balance sheet, representing the fair value of the Covid Corporate Financing Facility, with a further £0.2 million recognised within trade and other payables as deferred income, representing the favourable conditions granted by the Government. The CCFF was repaid in full in May 2021.

In respect of the Coronavirus Job Retention Scheme, £nil remained outstanding at 28 March 2022 (2021: £4.6 million). In respect of government grant income, £0.1 million remained outstanding at 28 March 2022 (2021: £1.3 million). Both these amounts have been recognised within trade and other receivables.

In addition, during the period, the group continued to take advantage of the business rate holiday, saving £3.7 million (2021: £15.6 million), further business rate relief under the expanded retail discount, saving £2.0 million (2021: £0.7 million) and reduced 5% VAT on eligible sales until 30 September 2021, followed by 12.5% VAT up until the year end date of 28 March 2022. The reduced rate subsequently ended on the 31 March 2022. See note 3(w) for further information.

Cash flows from grants received during the financial year are included in cash flow from operations.

11. Adjusting items

The table below shows adjusting items from continuing operations. For discontinued operations see note 5.

During the period the cash flow impact of adjusting items was £3.8 million (2021: £2.0 million).

	2022 £m	2021 £m
Amounts included in operating profit:		
Upward movement on the revaluation of properties (note 19) ¹	5.5	2.9
Downward movement on the revaluation of properties (note 19) ¹	(4.7)	(1.3)
Purchase costs ²	(2.7)	–
Net profit/(loss) on disposal of properties ³	2.4	(0.5)
Tenant compensation ⁴	(0.2)	(0.5)
Group reorganisation ⁵	–	(1.4)
Covid restructuring ⁶	–	(0.5)
	0.3	(1.3)
Tax on adjusting items:		
Tax attributable to adjusting items	(0.6)	0.2
Impact of change in corporation tax rate ⁷	(6.9)	–
	(7.5)	0.2
Total adjusting items after tax	(7.2)	(1.1)

1 The movement on the revaluation of properties is a non-cash item that relates to the revaluation exercise that was completed at the period end date. The revaluation was conducted at an individual pub level and identified an upward movement of £5.5 million (2021: £2.9 million) representing reversals of previous impairments recognised in the income statement, and a downward movement of £4.7 million (2021: £1.3 million), representing downward movements in excess of amounts recognised in equity. These resulted in a net upward movement of £0.8 million (2021: an upward movement of £1.6 million) which has been recognised in the income statement. The upward movement for the period ended 28 March 2022 was split between land and buildings of £0.8 million (2021: £1.6 million upward) and fixtures and fittings of £nil (2021: £nil). See note 6 for segmental information and note 19 for information on the revaluation of properties.

2 Costs related to the purchase of the Bull (Ditchling), Pheasant Inn (Lambourn), the White Horse (Hascombe), the freehold of the Lamb (Bloomsbury) and the Lucky Onion group, a group of six sites acquired on 21 February 2022, and lease extensions of the Cherry Tree (Dulwich), East Hill (Wandsworth) and Riverside House (Wandsworth). These included legal and professional fees and stamp duty land tax (see note 14).

3 The profit on disposal of properties related to the difference between cash, less disposal costs, received from the sale of the Grove House (Camberwell) and Lord Wargrave (Marylebone) and the carrying value of their assets, including goodwill, at the dates of disposal, and the surrender premium related to the lease of Prince William Henry (Southwark). In the prior period, the carrying value of the Grove House was previously derecognised from property and equipment and instead classified as an asset held for sale. Proceeds of £1.2 million were recognised in respect of the sale of the Grove House in the current period. During the prior period the loss on disposal of properties related to the difference between cash, less disposal costs, received from the sale of the Horse Pond Inn (Castle Cary), the lease expiry of the Black Cat (Cafford), Surprise (Chelsea) and the Greyhound (Hendon) and the carrying value of their assets, including goodwill, at the dates of disposal.

4 Tenant compensation of £0.2 million was paid to previous tenants of the Grand Junction Arms (Harlesden) to terminate their lease agreement early. During the prior period, tenant compensation of £0.5 million was paid to previous tenants of the Royal Oak (Bethnal Green) and an unlicensed property (Wandsworth) to terminate their lease agreements early.

5 During the prior period the group reorganisation costs of £1.4 million related to the stamp duty land tax and associated legal and professional fees incurred on the transfer of the business and assets of Spring Pub Company Limited, a group of five sites acquired on 12 March 2020, to Young's. The cost was foreseen at the time of the acquisition in March 2020, but did not crystallise until the transfer happened in September 2020.

6 During the prior period covid restructuring costs of £0.5 million related to a reorganisation of the group's head office functions. These were largely made up of severance costs.

7 An increase in the corporation tax rate from 19% to 25%, with effect from 1 April 2023, was announced in the March 2021 Budget, and substantively enacted on 24 May 2021. This has resulted in an increase in the deferred tax liabilities and assets of the group, to the extent they are not expected to reverse prior to 1 April 2023, with a net charge of £6.9 million associated with the rate change. This has been recognised as an exceptional item in the tax charge for the period as it is unrelated to the underlying trading activities of the group.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

12. Other financial measures

The table below shows how adjusted group EBITDA, operating profit and profit before tax have been arrived at. They exclude adjusting items which due to their material or non-recurring nature distort the group's performance. These alternative performance measures have been provided to help investors assess the group's underlying performance. Details of the adjusting items can be seen in note 11.

All the results below are from continuing operations.

	2022			Restated 2021		
	Unadjusted £m	Adjusting items £m	Adjusted £m	Unadjusted £m	Adjusting items £m	Adjusted £m
EBITDA	82.0	0.5	82.5	(4.2)	2.9	(1.3)
Depreciation and net movement on the revaluation of properties	(30.3)	(0.8)	(31.1)	(30.3)	(1.6)	(31.9)
Operating profit/(loss)	51.7	(0.3)	51.4	(34.5)	1.3	(33.2)
Net finance costs	(9.5)	–	(9.5)	(9.8)	–	(9.8)
Finance charge for pension obligations	(0.1)	–	(0.1)	(0.2)	–	(0.2)
Profit/(loss) before tax	42.1	(0.3)	41.8	(44.5)	1.3	(43.2)

During the period, £102.2 million (2021: £11.8 million) of adjusted EBITDA related to managed houses and £0.6 million (2021: £0.4 million) related to tenanted houses. Adjusted negative EBITDA of £20.3 million (2021: negative £13.5 million) related to head office costs and was unallocated.

13. Finance costs

All the results below are from continuing operations.

	2022 £m	Restated 2021 £m
Bank loans and overdrafts	7.0	7.2
Interest on lease liabilities (note 30)	2.5	2.6
	9.5	9.8

Interest on lease liabilities of £nil was incurred in the period in respect of discontinued operations (2021: £0.1 million).

14. Taxation

The major components of income tax expense/(credit) for the periods ended 28 March 2022 and 29 March 2021 are:

	2022 £m	2021 £m
Tax charged/(credited) in the group income statement		
Current income tax		
Current tax expense/(credit)	4.8	(5.8)
Adjustment in respect of current income tax of prior periods	(0.1)	–
	4.7	(5.8)
Deferred tax		
Relating to origin and reversal of temporary differences	6.7	(1.6)
Adjustment in respect of deferred tax of prior periods	(0.8)	0.5
Change in corporation tax rate	6.9	–
	12.8	(1.1)
Income tax charged/(credited) in the income statement¹	17.5	(6.9)

¹ During the period, income tax charged related to £17.2 million from continuing operations and £0.3 million from discontinued operations.

Deferred tax in the group income statement

Property revaluation and disposals	2.3	(0.1)
Capital allowances	2.4	(0.2)
Retirement benefit schemes	0.2	0.2
Trade losses	1.0	(1.0)
Change in corporation tax rate	6.9	–
Deferred tax charged/(credited) in the income statement	12.8	(1.1)

	2022 £m	2021 £m
Deferred tax in the group statement of other comprehensive income		
Property revaluation and disposals	4.8	3.8
Retirement benefit schemes	3.3	0.2
Interest rate swaps – cash flow hedge	1.0	0.5
Change in corporation tax rate	17.3	–
Deferred tax charged to other comprehensive income	26.4	4.5

A reconciliation of the tax expense at the group's effective tax rate to the accounting profit before tax at the statutory tax rate for the periods ended 28 March 2022 and 29 March 2021 respectively is as follows:

	2022 £m	2021 £m
Accounting profit/(loss) before income tax	51.9	(45.2)
At the group's statutory income tax rate of 19% (2021: 19%)	9.9	(8.6)
Tax effects of:		
Expenses not deductible for tax purposes ¹	0.6	1.4
Recognition of property revaluation, rollover claim and other property movements	2.2	(0.1)
Non-taxable income	(1.2)	(0.1)
Remeasurement of deferred tax - change in corporation tax rate	6.9	–
Prior period adjustment – current tax	(0.1)	–
Prior period adjustment – deferred tax	(0.8)	0.5
Total tax expense/(credit)	17.5	(6.9)

¹ Expenses not deductible for tax purposes include property acquisition costs, pension service costs, depreciation on assets ineligible for capital allowances and share based payments.

The 2021 Budget announced an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021. Accordingly, the deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 25%, to the extent they are not expected to reverse before 1 April 2023. The effect of this tax rate change has been recognised as an adjusting item (see note 11).

The table below shows the tax credit from discontinued operations.

	2022 £m	2021 £m
Tax credited in the group income statement		
Deferred tax		
Rolled over gains on disposal of properties	(1.8)	–
Reversal of temporary differences on revaluations	1.5	–
Tax credited in the income statement	(0.3)	–

15. Business combinations

Acquisitions in 2022

Lucky Onion group

On 21 February 2022, the group and the company acquired the majority of sites in the Lucky Onion group; a Cotswold-based premium pub and hotel operator. The total cash consideration was £24.3 million which was fully in respect of the six sites acquired, consisting of five freehold and one leasehold sites. No share capital was exchanged.

The final fair values of identifiable assets and liabilities as at the acquisition date were as follows:

	Fair value £m
Identifiable assets and liabilities	
Property and equipment (note 19)	24.2
Inventories	0.1
Right-of-use assets (note 20)	0.2
Lease liabilities (note 30)	(0.2)
Net assets	24.3
Goodwill	–
Cash consideration on acquisition of the Lucky Onion business	24.3

No goodwill was recognised as the fair value of net assets acquired was equal to the cash consideration exchanged.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

15. Business combinations continued

The fair value of freehold property and equipment acquired was valued externally by Savills, independent chartered surveyors, taking into account the properties' highest and best value. The valuation was based on information such as current and historical levels of turnover, gross profit, wages and overheads and resultant EBITDA. The valuers then applied an appropriate multiplier to the EBITDA.

For the leasehold site, the group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to the market.

A £0.5 million deposit for the purchase of another property was included within other receivables at 28 March 2022.

The group incurred £1.7 million of costs associated with the acquisition, which have been recorded within operating adjusting items (see note 11).

Between the date of acquisition and the balance sheet date, the Lucky Onion group of pubs contributed £0.8 million of revenue and £0.2 million of operating profit. If the acquisition had taken place at the beginning of the period, group revenue would have been expected to increase by £7.5 million and group operating profit would have increased by £2.0 million.

A £0.2 million deferred tax asset was recognised on account of the acquisition of the Lucky Onion group.

Other business combinations

In the period, the group and the company also acquired the Bull (Ditchling), Pheasant (Lambourn) and the White Horse (Hascombe) as business combinations for considerations totalling £12.6 million. The final aggregated fair value of the identifiable assets and liabilities of the acquired businesses were property and equipment of £12.6 million. The group incurred £1.0 million of costs associated with the acquisitions, which have been recorded within operating adjusting items (see note 11).

Between the date of acquisition and the balance sheet date, the Bull, Pheasant and the White Horse contributed £0.9 million of revenue and £34k to the operating profit of the group. If the acquisition had been completed at the beginning of the period, group revenue for the period would have been expected to increase by £4.6 million and the group operating profit would have increased by £1.0 million.

Acquisitions in 2021

In the prior period, the group and the company made no business acquisitions and there were no amendments to the fair value of business combinations.

Cash flow from business combinations

	2022 £m	2021 £m
Lucky Onion group	(24.3)	–
Other business combinations	(12.6)	–
Total net cash outflow	(36.9)	–

16. Dividends on equity shares

	2022 pence per share	2021 pence per share	2022 £m	2021 £m
Final dividend (previous period)	–	–	–	–
Interim dividend (current period)	8.55	–	5.0	–
	8.55	–	5.0	–

The table above sets out dividends paid. In addition, the board is proposing a final dividend in respect of the period ended 28 March 2022 of 10.26 pence per share at a cost of £6.0 million. If approved, it is expected to be paid on 7 July 2022 to shareholders who are on the register of members at the close of business on 10 June 2022.

17. Earnings/(loss) per ordinary share

(a) Weighted average number of shares

	2022 Number	2021 Number
Basic weighted average number of ordinary shares in issue	58,476,259	56,132,368
Dilutive potential ordinary shares from outstanding employee share options	30,877	–
Diluted weighted average number of shares	58,507,136	56,132,368

(b) Earnings/(loss) attributable to the shareholders of the parent company

	£m	£m
Profit/(loss) for the period	34.4	(38.3)
Adjusting items	(9.3)	1.1
Tax attributable to above adjustments	7.8	(0.2)
Adjusted earnings/(loss) after tax	32.9	(37.4)

Basic earnings/(loss) per share

	Pence	Pence
Basic	58.83	(68.23)
Effect of adjusting items	(2.57)	1.60
Adjusted basic earnings/(loss) per share	56.26	(66.63)

Diluted earnings/(loss) per share

	Pence	Pence
Diluted	58.80	(68.23)
Effect of adjusting items	(2.57)	1.60
Adjusted diluted earnings/(loss) per share	56.23	(66.63)

(c) Earnings/(loss) from continuing operations

	£m	£m
Profit/(loss) for the period	24.9	(37.6)
Adjusting items	(0.3)	1.3
Tax attributable to above adjustments	7.5	(0.2)
Adjusted earnings/(loss) after tax	32.1	(36.5)

Basic earnings/(loss) per share

	Pence	Pence
Basic	42.58	(66.98)
Effect of adjusting items	12.31	1.96
Adjusted basic earnings/(loss) per share	54.89	(65.02)

Diluted earnings/(loss) per share

	Pence	Pence
Diluted	42.56	(66.98)
Effect of adjusting items	12.31	1.96
Adjusted diluted earnings/(loss) per share	54.87	(65.02)

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

17. Earnings/(loss) per ordinary share continued

(d) Earnings/(loss) per ordinary share for discontinued operations

	£m	£m
Profit/(loss) for the period	9.5	(0.7)
Adjusting items	(9.0)	(0.2)
Tax attributable to above adjustments	0.3	–
Adjusted earnings/(loss) after tax	0.8	(0.9)

Basic earnings/(loss) per share

	Pence	Pence
Basic	16.25	(1.25)
Effect of adjusting items	(14.88)	(0.36)
Adjusted basic earnings/(loss) per share	1.37	(1.61)

Diluted earnings/(loss) per share

	Pence	Pence
Diluted	16.24	(1.25)
Effect of adjusting items	(14.88)	(0.36)
Adjusted diluted earnings/(loss) per share	1.36	(1.61)

The basic earnings/(loss) per share figure is calculated by dividing the net profit/(loss) for the period attributable to equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share have been calculated on a similar basis taking into account 30,877 dilutive potential shares under the SAYE scheme (see notes 9(e) and 28). During the prior period, there were 61 potential dilutive shares, which were not included in the calculation of diluted earnings per share, as they were antidilutive in the period due to the group being loss making.

Adjusted earnings per share are presented to eliminate the effect of the adjusting items and the tax attributable to those items on basic and diluted earnings per share.

18. Goodwill

Goodwill is recognised in respect of the following acquisitions for the group and company:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Geronimo Inns Limited	18.4	18.4	17.0	17.0
Redcomb Pubs Limited	8.8	8.8	8.7	8.7
Spring Pub Company Limited	3.3	3.3	3.3	3.3
Smiths of Smithfield Limited	1.1	1.1	1.1	1.1
580 Limited	0.9	0.9	0.9	0.9
At 28 March 2022	32.5	32.5	31.0	31.0

	Group £m	Company £m
Cost		
At 30 March 2020	34.7	28.1
Acquisitions	–	3.3
At 29 March 2021	34.7	31.4
Acquisitions	–	–
At 28 March 2022	34.7	31.4
Amortisation		
At 30 March 2020	2.2	0.4
Disposals	–	–
At 29 March 2021	2.2	0.4
Disposals	–	–
At 28 March 2022	2.2	0.4
Carrying amount		
At 30 March 2020	32.5	27.7
At 29 March 2021	32.5	31.0
At 28 March 2022	32.5	31.0

The opening group goodwill of £32.5 million arose on the acquisition of Geronimo Group Limited, Redcomb Pubs Limited, Spring Pub Company Limited, Smiths of Smithfield Limited, and 580 Limited.

During the prior period, the trade and assets of Spring Pub Company Limited were transferred in full to Young's at consolidated book value. As a result, associated goodwill was transferred into Young's creating goodwill of £3.3 million within the company.

The group tests goodwill annually for impairment or more frequently if there are indicators that goodwill may have been impaired. There will be an impairment if the recoverable amount is lower than carrying value. Recoverable amount is value in use. The value in use is calculated based upon, in management's view, the most likely recovery from the impact of covid-19 in year one, followed by a return to full trade in year two. No impairment has been recognised in the current period.

For all cash generating units except Smiths of Smithfield, cash flows assume 1.4% growth (2021: 1.4%) from a base of expected FY24 EBITDA, derived from the board approved FY23 budget and the anticipated impact of a return to normalised trading for some sites. For Smiths of Smithfield Limited where growth rates were higher over a five-year period to reflect the anticipated arrival of Crossrail in 2022 and the opening of the Museum of London in 2025, and then revert back to a long-term growth rate of 1.4% thereafter. The pre-tax discount rate applied to all cash flow projections is 9.2% (2021: 8.8%).

The group monitors the latest government legislation in relation to climate-related matters. At the current time, no legislation has been passed that will significantly impact the group's impairment review. The group will adjust the key assumptions used in value in use calculations and sensitivity to changes in assumptions should a change be required.

The impairment calculation is most sensitive to the pre-tax discount rate and EBITDA assumptions. Management have performed a sensitivity analysis on the impairment test. Given the uncertainty surrounding future trade levels following the impact of covid-19, several scenarios have been modelled. The model includes a number of assumptions, including the recovery from covid-19 and EBITDA forecasts, and assumptions over the long-term growth of Smiths of Smithfield Limited.

For Smiths of Smithfield Limited, the headroom would be eliminated as a result of increasing the pre-tax discount rate to 10.4% or reducing EBITDA by 11.9% from forecast levels. For the Geronimo Group Limited, Redcomb Pubs Limited, Spring Pub Company Limited and 580 Limited, management considered the impact of an increase in either the pre-tax discount rate by 1% or a reduction of EBITDA by 10% from forecasted levels to be a reasonable change in assumptions. With the exception of the Spring Pub Company Limited, the models are not sensitive to impairment with these changes in variables. Specifically, increasing the pre-tax discount rate to 9.9% or reducing EBITDA by 6.7% would result in the elimination of headroom in Spring Pub Company Limited. Although not considered probable, if trade continued at the current year level with no future growth rate, no impairment would be recognised apart from for Spring Pub Company Limited and Smiths of Smithfield Limited.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

19. Property and equipment

	Group			Company		
	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m
Cost or valuation						
At 30 March 2020	714.1	160.7	874.8	698.8	154.5	853.3
Additions	3.9	15.2	19.1	3.9	15.2	19.1
Transfers from subsidiary companies	–	–	–	14.7	0.1	14.8
Disposals	–	(0.2)	(0.2)	–	(0.2)	(0.2)
Transfer out to asset held for sale	(0.9)	(0.4)	(1.3)	(0.9)	(0.4)	(1.3)
Fully depreciated assets	(7.7)	(19.1)	(26.8)	(7.4)	(19.1)	(26.5)
Revaluation ¹						
– upward movement in valuation	14.5	–	14.5	14.5	–	14.5
– downward movement in valuation	(6.0)	–	(6.0)	(6.0)	–	(6.0)
At 29 March 2021	717.9	156.2	874.1	717.6	150.1	867.7
Additions	11.5	25.4	36.9	11.5	25.3	36.8
Business combinations	35.3	1.5	36.8	35.3	1.5	36.8
Disposals ²	(44.2)	(10.8)	(55.0)	(44.2)	(10.8)	(55.0)
Fully depreciated assets	(0.5)	(18.3)	(18.8)	(0.5)	(18.2)	(18.7)
Revaluation ¹						
– upward movement in valuation	40.3	–	40.3	40.3	–	40.3
– downward movement in valuation	(10.7)	–	(10.7)	(10.7)	–	(10.7)
At 28 March 2022	749.6	154.0	903.6	749.3	147.9	897.2
Depreciation and impairment						
At 30 March 2020	32.0	71.7	103.7	31.3	70.5	101.8
Depreciation charge	1.7	24.4	26.1	1.6	24.3	25.9
Disposals	–	(0.2)	(0.2)	–	(0.2)	(0.2)
Transfer out to asset held for sale	–	(0.1)	(0.1)	–	(0.1)	(0.1)
Fully depreciated assets	(7.7)	(19.1)	(26.8)	(7.4)	(19.1)	(26.5)
Revaluation ¹						
– upward movement in valuation	(3.9)	–	(3.9)	(3.9)	–	(3.9)
– downward movement in valuation	1.6	–	1.6	1.6	–	1.6
At 29 March 2021	23.7	76.7	100.4	23.2	75.4	98.6
Depreciation charge	1.6	22.8	24.4	1.5	22.7	24.2
Disposals ²	(5.2)	(5.3)	(10.5)	(5.2)	(5.3)	(10.5)
Fully depreciated assets	(0.5)	(18.3)	(18.8)	(0.5)	(18.2)	(18.7)
Revaluation ¹						
– upward movement in valuation	(4.6)	–	(4.6)	(4.6)	–	(4.6)
– downward movement in valuation	4.7	–	4.7	4.7	–	4.7
At 28 March 2022	19.7	75.9	95.6	19.1	74.6	93.7
Net book value						
At 30 March 2020	682.1	89.0	771.1	667.5	84.0	751.5
At 29 March 2021	694.2	79.5	773.7	694.4	74.7	769.1
At 28 March 2022	729.9	78.1	808.0	730.2	73.3	803.5

¹ The group's net book value uplift during the period was £29.5 million (2021: £10.8 million). This uplift was recognised either in the revaluation reserve or the income statement, as appropriate.

² During the period, the majority of the disposals related to the sale of 56 tenanted pubs (see note 5).

The impact of the property revaluation exercise was as follows:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Income statement				
Revaluation loss charged as impairment	(4.7)	(1.6)	(4.7)	(1.6)
Reversal of past impairment	5.5	3.4	5.5	3.4
Net uplift recognised in the income statement	0.8	1.8	0.8	1.8
Revaluation reserve				
Unrealised revaluation surplus	39.5	15.0	39.5	15.0
Reversal of past surplus	(10.8)	(6.0)	(10.8)	(6.0)
Net uplift recognised in the revaluation reserve	28.7	9.0	28.7	9.0
Net revaluation increase in property	29.5	10.8	29.5	10.8

(a) Revaluation of property and equipment

On an annual basis, the group's property estate is valued externally by Savills, independent Chartered Surveyors, in accordance with the provisions of the RICS Valuation – Professional Standards January 2014 (Revised April 2015) ('the Red Book'), which takes account of the properties' highest and best value.

The valuation is based on information such as current and historical levels of turnover, gross profit, wages and overheads and resultant EBITDA. The valuers have then applied a multiplier to the EBITDA based upon the relative risks associated with the trading format, tenure and property. In a number of cases, the value of the property derived purely from an income approach understates the underlying property value. In these cases the valuers have applied a spot value to the property rather than a value derived from a multiple applied to the income. For a small number of properties, a net investment yield valuation approach is considered most appropriate based upon the nature of site operations.

The valuations and assumptions used are reviewed by the board and the independent statutory auditor. The highest and best use of the group's properties do not differ materially from their current use.

These techniques are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of each property within the portfolio has been classified as Level 3 (2021: Level 3) in the fair value hierarchy.

The key inputs to valuation on property and equipment are as follows:

2022	Tenure	EBITDA multiple range		Number of pubs	Value of pubs £m
		Low	High		
Managed houses	Freehold	8.0	12.0	114	547.0
Managed houses	Freehold	Spot	Spot	46	205.1
Tenanted houses	Freehold	Spot	Spot	3	8.9
Segment total				163	761.0
Leasehold properties				59	35.1
Unallocated				–	11.9
Total net book value at 28 March 2022				222	808.0

2021	Tenure	EBITDA multiple range		Number of pubs	Value of pubs £m
		Low	High		
Managed houses	Freehold	7.0	12.0	92	434.9
Tenanted houses	Freehold	7.0	12.0	31	29.8
Managed houses	Freehold	Spot	Spot	58	236.5
Tenanted houses	Freehold	Spot	Spot	23	24.9
Segment total				204	726.1
Leasehold properties				68	39.1
Unallocated				–	8.5
Total net book value at 29 March 2021				272	773.7

In the prior period, the group's estate included a pub which had been reclassified as an asset held for sale (see note 24). The total number of pubs owned by the group was 273, including one pub reclassified as asset held for sale.

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For the 52 weeks ended 28 March 2022

19. Property and equipment continued

If, at 28 March 2022, the property estate had been carried at historical cost less accumulated depreciation and impairment losses, its carrying amount would have been approximately £464.4 million (2021: £459.6 million).

The revaluation surplus represents the amount by which the fair value of the estate exceeds its historic cost.

A sensitivity analysis has been conducted on the property estate to give an indication of the impact of movements in the most sensitive assumption, EBITDA. The analysis considers this single change with the other assumptions unchanged. In practice, changes in one assumption may be accompanied by changes in another. Changes in market values may also occur at the same time as any changes in assumptions. This information should not be taken as a projection of likely future valuation movements. Decreasing the EBITDA used in the revaluation by 10% would decrease the valuation by £54.7 million (2021: £46.2 million). Increasing the EBITDA used in the revaluation by 10% would increase the valuation by £54.7 million (2021: £46.2 million).

(b) Disaggregation of property and equipment

The table below sets out disaggregation of property and equipment between pubs used by the group and pubs leased to tenants.

	Group and company		Total £m
	Used by group £m	Leased to tenants £m	
Land and buildings			
As at 30 March 2020	634.6	47.5	682.1
Additions, disposals and transfers	3.8	(0.8)	3.0
Depreciation charge	(1.6)	(0.1)	(1.7)
Revaluation	8.5	2.3	10.8
As at 29 March 2021	645.3	48.9	694.2
Additions, disposals and transfers	48.3	(40.5)	7.8
Depreciation charge	(1.6)	–	(1.6)
Revaluation	29.4	0.1	29.5
As at 28 March 2022	721.4	8.5	729.9

	Group and company		Total £m
	Used by group £m	Leased to tenants £m	
Fixtures, fittings and equipment			
As at 30 March 2020	81.4	7.6	89.0
Additions, disposals and transfers	14.6	0.3	14.9
Depreciation charge	(22.5)	(1.9)	(24.4)
As at 29 March 2021	73.5	6.0	79.5
Additions, disposals and transfers	26.5	(5.1)	21.4
Depreciation charge	(22.3)	(0.5)	(22.8)
As at 28 March 2022	77.7	0.4	78.1

(c) Capital commitments

	2022 £m	2021 £m
Capital commitments not provided for in these financial statements and for which contracts have been placed amounted to:	4.2	10.6

20. Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group				Company			
	Property £m	Motor vehicles £m	Other assets £m	Total £m	Property £m	Motor vehicles £m	Other assets £m	Total £m
As at 30 March 2020	163.0	0.3	0.1	163.4	136.5	0.3	0.1	136.9
Additions	2.1	0.1	–	2.2	18.3	0.1	–	18.4
Lease amendments	0.1	–	(0.1)	–	0.3	–	(0.1)	0.2
Depreciation	(7.4)	(0.2)	–	(7.6)	(6.2)	(0.1)	–	(6.3)
As at 29 March 2021	157.8	0.2	–	158.0	148.9	0.3	–	149.2
Additions	0.8	0.2	–	1.0	0.8	0.2	–	1.0
Business combinations	0.2	–	–	0.2	0.2	–	–	0.2
Lease amendments	0.1	–	–	0.1	0.3	–	–	0.3
Depreciation	(6.9)	(0.2)	–	(7.1)	(6.0)	(0.1)	–	(6.1)
Disposals	(5.2)	–	–	(5.2)	(5.2)	–	–	(5.2)
As at 28 March 2022	146.8	0.2	–	147.0	139.0	0.4	–	139.4

The depreciation charge is recognised within operating costs in the income statement.

In the current period, disposals of £3.3 million related mostly to the disposal of seven of the Ram Pub Company sites (see note 5). The remaining disposals related to continuing operations.

Lease amendments in the current period largely represent upwards market rent reviews. In the prior period, lease amendments included £0.7 million of rent holidays treated as lease modifications which were offset against £0.7 million of rent amendments.

The group tests right-of-use assets for impairment when there are indicators that the assets may have been impaired. A decline in trade following covid-19 was considered an indicator of impairment. An impairment is recognised if the recoverable amount is lower than carrying value. Recoverable amount is calculated by value in use. The inputs to the impairment model are consistent with those applied to the goodwill impairment model (see note 18). No impairment has been recognised in the current period.

The impairment calculation is most sensitive to the pre-tax discount rate and EBITDA assumptions. Management performed a sensitivity analysis on the impairment test and several scenarios were modelled. A 1% increase in the pre-tax discount rate or a permanent 10% fall in EBITDA, starting in year one, would both result in an impairment of £50k on the right-of-use assets.

21. Investments in subsidiaries

	Company £m
Cost and net book value	
At 30 March 2020	34.4
Additions	–
Impairment	(20.1)
At 29 March 2021	14.3
Additions	–
Impairment	–
At 28 March 2022	14.3

The group financial statements include:

Group subsidiary undertakings	Country of incorporation and registration	% of equity and votes held
580 Limited	England	100
BFI Limited ¹	England	100
Geronimo Inns Limited	England	100
Old Manor Trading Limited ¹	England	100
Redcomb Pubs & Bars Limited ¹	England	100
Redcomb Pubs Limited	England	100

¹ The shares in this subsidiary undertaking are held indirectly.

The subsidiaries listed above are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

21. Investments in subsidiaries continued

During the period, Spring Pub Company Limited was dissolved on 1 June 2021 and The Canbury Arms Limited was dissolved on 12 October 2021. Before dissolution, both Spring Pub Company Limited and The Canbury Arms Limited were wholly owned subsidiaries of the company.

During the prior period Smiths of Smithfield Limited was struck off and dissolved at its own request on 5 January 2021. Before that, it was a wholly owned subsidiary of the company.

During the prior period, impairment losses of £20.1 million were recognised on the investments in Spring Pub Company Limited, the parent company of The Canbury Arms Limited. This was a result of all the assets being transferred to the company.

Each of the company's subsidiary undertakings has its registered office located at Copper House, 5 Garratt Lane, Wandsworth, London SW18 4AQ.

22. Inventories

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Finished goods and raw materials	4.7	2.6	4.7	2.6

23. Trade and other receivables

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Trade receivables	3.6	0.8	3.6	0.8
Other receivables	1.7	7.5	1.7	7.5
Prepayments	3.6	2.1	3.3	2.1
Amounts due from subsidiaries	–	–	1.1	0.9
	8.9	10.4	9.7	11.3

Trade receivables are denominated in sterling, are non-interest bearing and are generally on 0-20 days terms. They are carried at amortised cost less expected lifetime credit losses.

Other receivables include £1.6 million (2021: £0.6 million) for fees in respect of project costs. In the prior period, other receivables also included £4.6 million receivable from the Government in respect of the Coronavirus Job Retention Scheme and £1.3 million in respect of government grant income claimed but not received.

Prepayments include an amount due from the pension scheme in respect of payments made to beneficiaries on behalf of the scheme. The balance outstanding at 28 March 2022 was £0.1 million (2021: £0.9 million). The amount is non-interest bearing and is repayable on demand.

The 12-month expected credit losses on amounts due from subsidiaries are not material in the current period or prior period.

At 28 March 2022, there were expected lifetime credit losses recognised against the trade receivables of £0.1 million (2021: £0.5 million). The table below provides an indication of movement during the period.

	2022 £m	2021 £m
Opening balance	0.5	0.6
Amounts written off	(0.4)	(0.1)
	0.1	0.5

Management have applied the provision matrix to identify expected credit losses in the current period as follows:

	Total £m	Neither past due nor impaired £m	<31 days £m	31-60 days £m	61-90 days £m	91+ days £m
2022	3.7	2.6	0.2	0.2	0.2	0.5
Percentage loss rate		1%	14%	6%	22%	27%
Expected lifetime credit loss	0.1	—	—	—	—	0.1
2021	1.3	0.5	—	0.1	0.1	0.6
Percentage loss rate		24%	43%	44%	49%	56%
Expected lifetime credit loss	0.5	0.1	—	—	—	0.4

The expected lifetime credit loss has reduced in the current period due to the disposal of 56 of the pubs within the Ram Pub Company (see note 5). The tenanted sites historically recognised receivable balances at a higher percentage loss rate than other receivable categories. The overall percentage loss rate has therefore dedined accordingly.

24. Asset held for sale

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Property held for sale	—	1.2	—	1.2

In the prior period, one property, which sat within the tenanted houses operating segment, had been reclassified as held for sale and sold during the current period. No material change in value was recognised on reclassifying the property as held for sale or on sale.

25. Trade and other payables

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Trade payables	14.5	3.1	14.5	3.1
Other tax and social security	5.7	0.9	5.7	0.9
Other creditors	9.5	5.2	8.4	5.3
Accruals and deferred income	14.0	6.6	14.0	6.6
Amounts due to subsidiaries	—	—	13.2	11.6
	43.7	15.8	55.8	27.5

All trade payables are payable on demand and the carrying values above equate to fair value.

Other creditors mainly consist of employee and property-related creditors.

26. Capital management and financial instruments

The group's capital management objective is to maintain an optimal structure, measuring investment opportunities against returning capital to shareholders, but with an appropriate level of gearing. This provides a platform from which the group can seek to maximise shareholder value. The board monitors its capital using gearing ratios, such as net debt as a multiple of EBITDA and interest cover. All covenants in relation to bank loans are prepared on a pre-IFRS 16 basis. Due to covid-19, the group had a covenant waiver in place in relation to debt facilities which requires the group to maintain a liquidity headroom of at least £20 million. The waiver has been comfortably complied with. From June 2022 onwards, the headroom requirement will be replaced with the original pre-covid covenants which reference net debt/EBITDA, gearing %, and PBIT/borrowing costs. The group finances the business with a mixture of equity (see note 31) and debt (see note 34).

The group's principal treasury objective is to manage financial risks and provide secure and competitively priced funding for the group's activities. When appropriate, the group uses financial instruments and derivatives to manage these risks.

The borrowing requirements are met largely by bank debt. Other sources of funding arise directly from trading activities, such as trade and other payables. The right-of-use assets are funded by lease liabilities.

The main financial risks relate to interest rates, credit, liquidity and cash flow. Other risks that the group faces are referred to in the principal risks and uncertainties section starting on page 40. The board seeks to manage the financial risks in the following manner:

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For the 52 weeks ended 28 March 2022

26. Capital management and financial instruments continued

Interest rate risk

The objective is to minimise the group's interest cost and provide protection from adverse movements in interest rates. The board does this by maintaining a mix of debt facilities at fixed and variable interest rates. Interest rate swaps are used to help manage this exposure by fixing interest rates whilst matching the maturity profile and cash flows of the underlying debt. These swaps are designated as cash flow hedges.

The following table demonstrates the current sensitivity of the group's profit before tax to a change in interest rates, with all other variables held constant.

	Increase/ decrease in %	Effect on profit before tax €m
2022	+1.0	(0.00)
	-0.5	0.00
2021	+1.0	(0.10)
	-0.5	0.05

Credit risk

The objective is to minimise the group's credit risk. Credit risks include counterparties defaulting on their debts or other obligations which would impair the group's ability to recover the carrying value of that asset. This is assessed with regard to historical credit losses experienced, the current economic climate, expected changes in forecasts and specific other factors of future events.

The group has financial control policies which it follows before entering into arrangements with a new counterparty or when there is a substantial change in the existing relationship. Any potential impairments are monitored and, where appropriate, provision is made for any irrecoverable balances. The group's maximum credit risk is considered to be limited to its trade receivables (see note 23).

The company is not considered to have any material exposure to credit risk from amounts due from subsidiaries. Due to the disposal of most of the pubs within the Ram Pub Company in the period and therefore a reduced level of tenanted receivables at the balance sheet date, the group's overall credit risk has decreased.

Liquidity and cash flow risk

The objective is to ensure that the group has sufficient financial resources to develop its existing business and exploit opportunities as they arise. The board manages liquidity risk by ensuring that the group's debt profile is long-dated, facilities are committed and the group does not rely unduly on short-term borrowings. The group's borrowings are dependent on certain financial covenants being met. If these were breached, funding could be withdrawn, leaving the group with insufficient working capital and if the group were unable to find other alternative sources of funding, it may not be possible to continue trading in its current form. The group has considered the effects of its latest forecasts on its compliance with bank covenants, which are tested each quarter on a twelve-month rolling basis. Due to the ongoing covid-19 disruption, in the prior period the group agreed with its lending banks and private placement lenders that the quarterly financial covenants would be replaced by monthly debt headroom covenants through to and including March 2022, after which it will revert back to the pre-covid quarterly covenants. The board is vigilant in managing the business, assessing and monitoring acquisitions and investments, and forecasting the group's profit and cash flows. The funding position of the group is continuously reviewed against the headroom in the group's borrowing facilities (see note 1).

(a) Derivative financial instruments: interest rate swaps

	Group and company	
	2022 €m	2021 €
Current liabilities	(0.3)	(1.8)
Non-current liabilities	–	(1.4)
Non-current assets	2.2	–
Total financial assets/(liabilities)	1.9	(3.2)
Net movement of interest rate swaps recognised in other comprehensive income	5.2	2.5

The group has a number of interest rate swaps that fix future interest cash flows on the variable interest rate bank loans. These instruments result in the group paying fixed interest rates on the notional amount for each swap's life. The swaps are being used to hedge the exposure to changes in the group's cash flows on its variable rate loans due to changes in SONIA (previously LIBOR). The secured loans and the interest rate swaps have the same critical terms over their relevant period.

The duration of each swap and its respective interest rates, once combined with the bank's margin and other costs, are detailed in part (b) of this note.

(b) Loans, borrowings, interest rates and fair values

2022	Term or expiry date	Effective interest rate when hedged	Group and company		Fair value 2022 £m	Book value 2022 £m
			Variable interest rate when unhedged ¹	Period rate fixed		
Secured						
£30 million loan swapped into fixed rate	March 2023	5.97%	S+0.95%	1 year	31.0	30.0
£10 million loan swapped into fixed rate	May 2024	5.02%	S+3.60%	3 years	9.8	9.9
£10 million loan swapped into fixed rate	May 2024	3.71%	S+2.50%	3 years	9.8	9.9
£25 million loan swapped into fixed rate	May 2025	2.05%	S+1.85%	4 years	23.5	24.8
£25 million loan swapped into fixed rate	May 2025	2.05%	S+1.85%	4 years	23.5	24.8
£35 million private placement at fixed rate ²	July 2039	Fixed	Fixed	18 years	34.7	34.7
£100 million revolving credit facility ³	March 2025	Variable	S+1.25%	None	(0.3)	(0.3)
Financial liabilities					132.0	133.8

¹ For variable rate loans, the interest rate payable is SONIA (S) plus the margin shown.

² £35 million private placement has a fixed rate of interest at 3.3%.

³ Fair value and book value represent unamortised arrangement fees only due to the balance of £nil drawn as at 28 March 2022.

As at 28 March 2022, the group had committed borrowing facilities of £235 million, of which £135 million was drawn down, net of arrangement fees of £1.2 million.

	Group 2022 £m	Company 2022 £m
Current borrowings	30.0	30.0
Non-current borrowings	103.8	103.8
Unsecured current lease liabilities	4.9	4.1
Unsecured non-current lease liabilities	69.1	63.6
Financial liabilities	207.8	201.5

2021	Group and company					Fair value 2021 £m	Book value 2021 £m
	Term or expiry date	Effective interest rate	Variable interest rate when unhedged ¹	Period rate fixed			
Secured							
£30 million loan swapped into fixed rate	March 2023	5.97%	L+0.95%	2 Years	32.9	30.0	
£10 million loan swapped into fixed rate	May 2024	4.52%	L+3.10%	3 years	10.3	10.0	
£10 million loan swapped into fixed rate	May 2024	3.71%	L+2.50%	3 years	10.2	10.0	
£25 million loan swapped into fixed rate	May 2025	3.30%	L+3.10%	4 years	24.6	24.7	
£25 million loan swapped into fixed rate	May 2025	3.30%	L+3.10%	4 years	24.6	24.7	
£35 million private placement at fixed rate ²	July 2039	Fixed	Fixed	18 years	34.6	34.6	
£20 million revolving credit facility	November 2021	Variable	Fixed	None	—	—	
£100 million revolving credit facility	March 2025	Variable	L+2.75%	None	9.4	9.4	
					146.6	143.4	
Unsecured							
£30 million CCFF at fixed rate							29.8
Financial liabilities							173.2

¹ For variable rate loans, the interest rate payable is either 1-month or 3-month LIBOR (L) plus the margin shown.

² £35 million private placement has a fixed rate of interest at 3.3%.

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For the 52 weeks ended 28 March 2022

26. Capital management and financial instruments continued

As at 29 March 2021, the group had committed borrowing facilities of £285.0 million, of which £173.2 million was drawn down, net of arrangement fees of £1.6 million.

	Group 2021 £m	Company 2021 £m
Current borrowings	29.8	29.8
Non-current borrowings	143.4	143.4
Unsecured current lease liabilities	4.9	4.1
Unsecured non-current lease liabilities	75.3	69.1
Financial liabilities	253.4	246.4

The secured borrowings are secured on the freehold assets of the group (other than two pubs, broadly up to a value of £12.6 million, which provide security to the Young & Co.'s Brewery, P.L.C. Pension Scheme).

The fair values of borrowings and interest rate derivatives are estimates based on prevailing market rates of interest and expected future cash flows arising from those instruments. The group enters into interest rate derivatives with various banks; these counterparties each have investment grade credit ratings. Interest rate swaps are valued using Level 2 valuation techniques, which employ the use of market observable inputs. The valuation techniques include swap models using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, discount factors and interest rate curves. As at 28 March 2022, the marked-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships.

Bank overdrafts

Bank overdrafts are used for day-to-day cash management. The group has a £10 million overdraft facility with interest linked to the Bank of England base rate. No amounts were drawn down at 28 March 2022 or 29 March 2021.

Bank loans

The group has a bilateral £10 million term loan with Barclays Bank plc and a bilateral £10 million term loan with HSBC Bank plc, both repayable on 23 May 2024.

The group also has a bilateral £30 million term loan with the Royal Bank of Scotland and a £50 million syndicated facility with the Royal Bank of Scotland and HSBC. The bilateral loan with the Royal Bank of Scotland is repayable on 28 March 2023. The syndicated loan is repayable on 19 May 2025 and has two one-year extension options, bringing the potential expiry to 19 May 2027. Since the year-end, the bank has been informed of the intention to exercise the first of the two one-year extension options. Interest rate swaps have been entered into in respect of these bank loans which result in the effective interest charge being fixed at the rates disclosed on the previous page.

In July 2019, the group completed on the addition of a private placement debt facility, raising £35 million at a fixed rate of 3.3% repayable in July 2039.

Revolving credit facility

The group has a £100 million revolving credit facility, split evenly with Barclays and HSBC, which matures in March 2025.

At the period end, the facility was undrawn (2021: £10 million). Final repayment of the total drawn down balance is due as one payment on 20 March 2025. This is a committed facility which permits drawings of different amounts and for different periods. These drawings carry interest at a margin above SONIA with a commitment payment on the undrawn portions. Interest is payable at each loan renewal date.

The group also had a £20 million revolving credit facility with Royal Bank of Scotland, which matured on 28 November 2021.

Covid Corporate Financing Facility ('CCFF')

In May 2020 Young's issued commercial paper with a nominal value of £30 million and a maturity date of 13 May 2021 under HM Treasury and the Bank of England's CCFF. This was repaid in full in the period.

(c) Maturity of the group's financial liabilities and expiry of facilities

The below maturity tables include contractual gross undiscounted cash flows of the borrowings, related interest, net derivatives, finance leases, trade and other payables and contractual accruals.

	Group				Total £m
	Within one year £m	Between one and two years £m	Between two and five years £m	After five years £m	
2022					
Borrowings	31.2	1.3	72.4	51.2	156.1
Derivative financial instruments	(1.9)	0.3	0.2	—	(1.4)
Lease liabilities (note 30)	7.3	6.7	18.6	71.5	104.1
Trade and other payables	38.0	—	—	—	38.0
	74.6	8.3	91.2	122.7	296.8

	Company				Total £m
	Within one year £m	Between one and two years £m	Between two and five years £m	After five years £m	
2022					
Borrowings	31.2	1.3	72.4	51.2	156.1
Derivative financial instruments	(1.9)	0.3	0.2	—	(1.4)
Lease liabilities (note 30)	6.3	5.8	16.2	68.6	96.9
Trade and other payables	36.9	—	—	—	36.9
Amounts due to subsidiaries	13.2	—	—	—	13.2
	85.7	7.4	88.8	119.8	301.7

	Group				Total £m
	Within one year £m	Between one and two years £m	Between two and five years £m	After five years £m	
2021					
Borrowings	31.4	31.5	83.8	51.5	198.2
Derivative financial instruments	1.9	1.9	0.5	—	4.3
Lease liabilities (note 30)	7.5	7.0	19.6	80.8	114.9
Trade and other payables	14.6	—	—	—	14.6
	55.4	40.4	103.9	132.3	332.0

	Company				Total £m
	Within one year £m	Between one and two years £m	Between two and five years £m	After five years £m	
2021					
Borrowings	31.4	31.5	83.8	51.5	198.2
Derivative financial instruments	1.9	1.9	0.5	—	4.3
Lease liabilities (note 30)	6.2	5.7	15.5	79.4	106.8
Trade and other payables	14.7	—	—	—	14.7
Amounts due to subsidiaries	11.6	—	—	—	11.6
	65.8	39.1	99.8	130.9	335.6

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26. Capital management and financial instruments continued

(d) Fair value hierarchy for instruments measured at fair value

	Group and company			
	Fair value 2022 £m	Level 1 2022 £m	Level 2 2022 £m	Level 3 2022 £m
Interest rate swaps				
Financial assets at fair value	2.2	—	2.2	—
Financial liabilities at fair value	(0.3)	—	(0.3)	—
	1.9	—	1.9	—
	Fair value 2021 £m	Level 1 2021 £m	Level 2 2021 £m	Level 3 2021 £m
Interest rate swaps				
Financial assets at fair value	—	—	—	—
Financial liabilities at fair value	(3.2)	—	(3.2)	—
	(3.2)	—	(3.2)	—

Level 1

Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2

Fair values measured using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly.

Interest rate swaps are accounted for at their fair value, calculated using a discounted cash flow method. Actual and estimated cash flows are discounted by applying discount factors derived from observable market data and by considering the credit risk.

Level 3

Fair values measured using inputs for the asset or liability that are not based on observable market data.

(e) Financial assets and other financial liabilities

Financial assets and other financial liabilities of the group and the company are not included in this note because their fair value approximates their carrying value.

(f) Changes in liabilities arising from financing activities

	Group			
	At 29 March 2021 £m	Additions £m	Cash flow £m	At 28 March 2022 £m
Bank loans	173.2	—	(39.9)	133.8
Lease liabilities	80.2	1.2	(6.6)	74.0
Total liabilities from financing activities	253.4	1.2	(46.5)	207.8
	Company			
	At 29 March 2021 £m	Additions £m	Cash flow £m	At 28 March 2022 £m
Bank loans	173.2	—	(39.9)	133.8
Lease liabilities	73.2	1.2	(5.9)	67.7
Total liabilities from financing activities	246.4	1.2	(45.8)	201.5

	Group			
	At 30 March 2020 £m	Additions £m	Cash flow £m	At 29 March 2021 £m
Bank loans	199.2	–	(25.5)	173.2
Lease liabilities	82.3	2.2	(4.3)	80.2
Total liabilities from financing activities	281.5	2.2	(29.8)	253.4

	Company			
	At 30 March 2020 £m	Additions £m	Cash flow £m	At 29 March 2021 £m
Bank loans	199.2	–	(25.5)	173.2
Lease liabilities	64.6	12.4	(3.8)	73.2
Total liabilities from financing activities	263.8	12.4	(29.3)	246.4

27. Deferred tax

Deferred tax relates to the following:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Deferred tax assets				
Interest rate swaps – cash flow hedge	–	0.6	–	0.6
Retirement benefit schemes	–	1.2	–	1.2
Decelerated capital allowances	3.9	4.8	3.9	4.8
Capital losses	–	0.7	–	0.7
Share based payments	0.2	0.3	0.2	0.3
Trade losses	–	1.0	–	1.0
Deferred tax assets	4.1	8.6	4.1	8.6
Deferred tax liabilities				
Rolled over gains on property revaluations	(104.8)	(73.6)	(104.6)	(73.4)
Retirement benefit schemes	(3.0)	–	(3.0)	–
Interest rate swaps – cash flow hedge	(0.5)	–	(0.5)	–
Deferred tax liabilities	(108.3)	(73.6)	(108.1)	(73.4)
Net deferred tax liabilities	(104.2)	(65.0)	(104.0)	(64.8)

Reconciliation of net deferred tax liabilities:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Opening balance	(65.0)	(61.6)	(64.8)	(57.4)
Tax (charge)/credit in the income statement	(13.6)	1.6	(13.6)	1.6
Tax charge in the statement of comprehensive income	(26.4)	(4.5)	(26.4)	(4.5)
Adjustment in respect of deferred tax of prior periods	0.8	(0.5)	0.8	(0.5)
Recognised on acquisition	–	–	–	(4.0)
Closing balance	(104.2)	(65.0)	(104.0)	(64.8)

In the prior year, it was identified that the historical calculation of certain deferred tax liabilities incorrectly calculated the initial recognition exemption. Following a detailed review in the prior period, a correcting adjustment was made to increase the deferred tax liabilities and decrease the revaluation reserve by £2.5 million at 29 March 2021.

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27. Deferred tax continued

Movements in the deferred tax assets are shown below:

Deferred tax assets	Interest rate swap £m	Retirement benefit scheme £m	Decelerated capital allowances £m	Capital losses £m	Share based payments £m	Trade losses £m	Total £m
Balance as at 30 March 2020	1.1	1.6	4.5	0.7	0.3	0.1	8.3
(Charged)/credited to the income statement	–	(0.2)	0.3	–	–	0.9	1.0
Charged to other comprehensive income	(0.5)	(0.2)	–	–	–	–	(0.7)
Balance as at 29 March 2021	0.6	1.2	4.8	0.7	0.3	1.0	8.6
Charged to the income statement	–	–	(0.9)	(0.7)	(0.1)	(1.0)	(2.7)
Charged to other comprehensive income	(1.1)	–	–	–	–	–	(1.1)
Brought forward balance transferred out to DTL	0.5	(1.2)	–	–	–	–	(0.7)
Balance as at 28 March 2022	–	–	3.9	–	0.2	–	4.1

On 3 March 2021, the Chancellor confirmed in his Budget statement that the UK rate of corporation tax will increase to 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Accordingly, the deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 25%, to the extent they are not expected to reverse before 1 April 2023. This amount has been recognised as an adjusting item (see note 11).

Due to the group's pension scheme moving into a surplus, the deferred tax asset that was recognised in the prior period has reversed and is now recognised as a deferred tax liability.

The group has realised capital losses of £1.5 million (2021: £5.2 million), which are available indefinitely to offset against future capital gains. A deferred tax asset has not been recognised in respect of £1.5 million (2021: £1.5 million) of these losses because at present it is unclear whether suitable gains will arise in the foreseeable future to utilise them. The company utilised its realised capital losses in full in the year and has no realised capital losses remaining (2021: £3.7 million). The group's tax losses can be carried forward for an unlimited period.

The group has unrealised capital losses of £5.8 million (2021: £8.5 million). No deferred tax asset has been recognised in respect of these losses (2021: £nil) because it is uncertain whether they will be utilised.

During the period, the group utilised in full, interest restrictions carried forward from prior periods (2021: £5.1 million).

28. Retirement benefit schemes

The company operates one defined benefit pension scheme, namely the Young & Co.'s Brewery, P.L.C. Pension Scheme, a defined contribution pension scheme and a post-retirement health care scheme. The defined benefit scheme is closed to new entrants.

The aggregate contribution to the defined contribution scheme was £1.6 million (2021: £1.6 million) which is recognised as an expense in the income statement.

Independent, professionally qualified actuarial advice is sought to determine the liabilities arising from the defined benefit scheme, using the projected unit credit method. The scheme is formally valued every three years. The obligations under the scheme consist mainly of a final salary scheme which provides members with benefits based on length of service and salary.

Through its defined benefit scheme and post-retirement health care scheme, the group is exposed to a number of risks. For details of the principal risks and uncertainties, see page 40.

The employer contribution to the defined benefit scheme for the period ended 28 March 2022 was £1.4 million of which £1.2 million were special contributions (2021: £1.4 million of which £1.2 million were special contributions) plus premiums of £0.2 million (2021: £0.2 million) to the post-retirement health care scheme. The current arrangement as regards contribution rates specifies that annual special contributions of £1.2 million will be payable until October 2034.

Future employee contribution rates are projected to be between 8% and 11% of pensionable earnings. Future employer contribution rates are projected to be 18% of pensionable earnings. The total contributions to the defined benefit scheme in the 2023 financial period are expected to be £1.4 million which includes a special contribution of £1.2 million. The total contributions to the post-retirement health care scheme in the 2023 financial period are expected to be £0.2 million.

Financial assumptions

	Pension		Health care	
	2022 %	2021 %	2022 %	2021 %
Discount rate	2.80	2.00	2.80	2.00
Inflation	3.60	3.30	N/A	3.30
Rate of increase in salaries	2.50	2.50	N/A	N/A
Discretionary pension increases	3.60	3.30	N/A	N/A
Rate of revaluation of deferred pensions	3.10	2.80	N/A	N/A
General medical expenses inflation	N/A	N/A	6.00	9.00

Mortality assumptions

The life expectancies underlying the valuation are as follows:

	2022 Years	2021 Years
Current pensioners (at age 65) – males	21.9	21.9
Current pensioners (at age 65) – females	24.3	24.3
Future pensioners (at age 65) – males	23.3	23.2
Future pensioners (at age 65) – females	25.8	25.7

At the period end date, the average age of current pensioners was 75 years (2021: 74 years) and for future pensioners was 57 years (2021: 56 years).

The weighted average duration of liabilities for the current period was 17.0 years (2021: 18.0 years).

A one percentage point change in the assumed rate of increase in health care costs would have the following effects:

	Increase £m	Decrease £m
Effect on the aggregate service cost and interest cost	–	–
Effect on the defined benefit obligation	0.2	(0.2)

The sensitivities regarding the principal assumptions used to measure the schemes' liabilities are set out below. The illustrations consider the single change shown with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by changes in another assumption. Changes in market values may also occur at the same time as the changes in assumptions and may or may not offset them.

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 8.2%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 6.8%
Rate of increase in salary	Increase/decrease by 0.5%	Increase/decrease by nil
Discretionary pension increases	Increase/decrease by 0.5%	Increase/decrease by 4.2%
Rate of revaluation of deferred pensions	Increase/decrease by 0.5%	Increase/decrease by 1.0%
Life expectations	Increase by 1 year	Increase by 4.8%

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28. Retirement benefit schemes continued

Pension scheme and health care scheme assets and liabilities

	Group and company	
	Assets and liabilities	
	2022 £m	2021 £m
Equities	40.4	41.3
Diversified growth fund	19.9	20.8
Corporate bonds	–	63.5
Liability Driven Investment and Asset Backed Securities	56.4	–
Insured pensions	7.7	7.9
Other	4.7	(0.8)
Total fair value of assets	129.1	132.7
Present value of retirement benefit liabilities	(116.9)	(138.8)
Scheme surplus/(deficit)	12.2	(6.1)

The company has an unconditional right to the surplus on the scheme and therefore has recognised the pension surplus.

The pension scheme assets include some of the company's A shares with a fair value of £4.9 million (2021: £3.6 million). There are no property assets of the scheme occupied by the company.

Of the above assets, £60.2 million (2021: £125.6 million) are quoted securities.

Movement within the schemes in the period

(a) Changes in the present value of the schemes are as follows:

	Group and company					
	Pension scheme £m	2022 Health care scheme £m	Total £m	Pension scheme £m	2021 Health care scheme £m	Total £m
Opening deficit	(2.2)	(3.9)	(6.1)	(4.6)	(3.6)	(8.2)
Current service cost	(0.4)	–	(0.4)	(0.2)	–	(0.2)
Contributions	1.4	0.2	1.6	1.4	0.2	1.6
Other finance charges	–	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Remeasurement through other comprehensive income	15.5	1.7	17.2	1.3	(0.4)	0.9
Closing surplus/(deficit)	14.3	(2.1)	12.2	(2.2)	(3.9)	(6.1)

(b) Recognised in the income statement

Current service cost included in operating costs	(0.4)	–	(0.4)	(0.2)	–	(0.2)
Net interest expense	–	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)

(c) Recognised in the statement of comprehensive income

	Group and company					
	Pension scheme £m	2022 Health care scheme £m	Total £m	Pension scheme £m	2021 Health care scheme £m	Total £m
Experience gains arising on the schemes' liabilities	(0.8)	0.9	0.1	1.4	(0.3)	1.1
Changes in demographic assumptions underlying the schemes' liabilities	6.3	–	6.3	0.2	–	0.2
Changes in financial assumptions underlying the schemes' liabilities	13.5	0.8	14.3	(19.3)	(0.1)	(19.4)
Remeasurement of obligations	19.0	1.7	20.7	(17.7)	(0.4)	(18.1)
Return on schemes' assets (less amounts included in the net interest expense)	(3.5)	–	(3.5)	19.0	–	19.0
Net remeasurement recognised	15.5	1.7	17.2	1.3	(0.4)	0.9

(d) Movements in the present value of schemes' obligations during the period

	Group and company					
	Pension scheme £m	2022 Health care scheme £m	Total £m	Pension scheme £m	2021 Health care scheme £m	Total £m
Opening defined benefit obligations	(134.9)	(3.9)	(138.8)	(118.5)	(3.6)	(122.1)
Current service cost	(0.4)	–	(0.4)	(0.2)	–	(0.2)
Interest on obligations	(2.6)	(0.1)	(2.7)	(2.8)	(0.1)	(2.9)
Contributions by schemes' members	(0.1)	–	(0.1)	(0.1)	–	(0.1)
Remeasurement of obligations	19.0	1.7	20.7	(17.7)	(0.4)	(18.1)
Benefits paid	4.2	0.2	4.4	4.4	0.2	4.6
Present value of schemes' liabilities	(114.8)	(2.1)	(116.9)	(134.9)	(3.9)	(138.8)

(e) Change in fair value of schemes' assets

	Group and company					
	Pension scheme £m	2022 Health care scheme £m	Total £m	Pension scheme £m	2021 Health care scheme £m	Total £m
Opening fair value of schemes' assets	132.7	–	132.7	113.9	–	113.9
Interest on schemes' assets	2.6	–	2.6	2.7	–	2.7
Return on schemes' assets (less amounts included in the net interest expense)	(3.5)	–	(3.5)	19.0	–	19.0
Contributions by employer	1.4	0.2	1.6	1.4	0.2	1.6
Contributions by schemes' members	0.1	–	0.1	0.1	–	0.1
Benefits paid	(4.2)	(0.2)	(4.4)	(4.4)	(0.2)	(4.6)
Fair value of schemes' assets	129.1	–	129.1	132.7	–	132.7

29. Other non-current liabilities

	Deferred income £m
At 30 March 2020	0.2
Released	(0.2)
At 29 March 2021	–
Provided	–
At 28 March 2022	–

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30. Lease liabilities

(a) Group as lessee

The group has lease contracts for various items of property and vehicles used in its operations. Leases of property generally have lease terms between 20 and 999 years, while motor vehicles generally have lease terms between three and five years.

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group £m	Company £m
As at 30 March 2020	82.3	64.6
Additions	2.2	12.2
Lease amendments	–	0.2
Accretions of interest	2.6	2.3
Payments	(6.9)	(6.1)
	80.2	73.2
Current	4.9	4.1
Non-current	75.3	69.1
As at 29 March 2021	80.2	73.2
Additions	1.0	1.0
Business combinations	0.2	0.2
Lease disposals	(3.4)	(3.4)
Lease amendments	0.1	0.3
Accretions of interest	2.5	2.3
Payments	(6.6)	(5.9)
As at 28 March 2022	74.0	67.7
Current	4.9	4.1
Non-current	69.1	63.6

Group cash flow benefits arising from rent concessions totalled £0.2 million in the period (2021: £1.2 million), including £nil of rent deferrals. This also included £0.1 million of rent holidays (2021: £0.7 million) which have been offset against £0.1 million (£0.7 million) of rent amendments in the period.

Under the practical expedient introduced by the amendments to IFRS 16, the lease liability was remeasured, using the remeasured consideration arising out of the rent concession, with a corresponding adjustment to the right-of-use asset. The discount rate was not updated.

Note 26(c) summarises the maturity profile of the group's lease liabilities based on contractual undiscounted payments.

The following amounts have been recognised in the income statement:

	Group 2022 £m	Company 2022 £m
Depreciation expense of right-of-use assets (note 20)	7.1	6.1
Interest expense on lease liabilities (note 13)	2.5	2.3
Expense relating to short-term leases and low-value assets	0.6	0.6
Variable lease payments	0.1	0.1
Total amount recognised in the income statement	10.3	9.1
	Group 2021 £m	Company 2021 £m
Depreciation expense of right-of-use assets (note 20)	7.6	6.3
Interest expense on lease liabilities (note 13)	2.6	2.3
Expense relating to short-term leases and low-value assets	0.2	0.2
Variable lease payments	–	–
Total amount recognised in the income statement	10.4	8.8

During the current period the group had total cash outflows for leases of £6.6 million (2021: £7.1 million). The group also had non-cash additions to right-of-use assets and lease liabilities of £1.2 million (2021: £2.2 million), of which £0.2 million related to business combinations (see note 15).

The group has lease contracts for properties that contain variable payments based on turnover levels achieved. The following provides information on the group's variable lease payments, including the magnitude in relation to fixed payments:

	Group			Company		
	Fixed payments £m	Variable payments £m	Total payments £m	Fixed payments £m	Variable payments £m	Total payments £m
2022						
Fixed rent	5.6	–	5.6	5.2	–	5.2
Variable rent with minimum payment	1.0	–	1.0	0.7	–	0.7
Variable rent only	–	0.1	0.1	–	0.1	0.1
	6.6	0.1	6.7	5.9	0.1	6.0

	Group			Company		
	Fixed payments £m	Variable payments £m	Total payments £m	Fixed payments £m	Variable payments £m	Total payments £m
2021						
Fixed rent	5.9	–	5.9	5.6	–	5.6
Variable rent with minimum payment	1.0	–	1.0	0.5	–	0.5
Variable rent only	–	–	–	–	–	–
	6.9	–	6.9	6.1	–	6.1

The group has several lease contracts that include termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the group's business needs. As at 28 March 2022 the group was not expecting to exercise any lease terminations options.

(b) Group as lessor

During the period, the group received lease income from tenants within the tenanted houses operating segment which were designated as operating leases. Most of these pubs have been disposed of in the current period and have been classified as a discontinued operation (see note 5). The following amounts have been recognised in the income statement in the current and prior period:

	2022 Group and company			2021 Group and company		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Lease income	0.6	0.4	1.0	0.5	0.4	0.9
Sublease income	0.1	–	0.1	0.1	–	0.1
Total lease income	0.7	0.4	1.1	0.6	0.4	1.0

All lease income is fixed rent. Other revenue received within the tenanted houses operating segment was generated from sales of drink and accounted for under IFRS 15 Revenue from contracts with customers.

In the current and prior period, the group offered a rent concession to the majority of the tenanted estate. It was communicated to the tenant that any rent concessions would be treated as variable rent payments, under which the variable element of rent is taken directly to the profit and loss statement in the period that it relates to. For the current period, the rent concessions granted to tenants resulted in foregone rental income of £0.4 million (2021: £2.0 million).

	Within one year £m	One to two years £m	Two to three years £m	Three to four years £m	Four to five years £m	More than five years £m	Total £m
2022							
Undiscounted lease income	0.4	0.4	0.3	0.3	0.3	0.2	1.9
2021							
Undiscounted lease income	2.3	1.4	0.9	0.7	0.7	2.5	8.5

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

31. Share capital and reserves

	2022 Shares	2022 £000	2021 Shares	2021 £000
Issued and fully paid shares – 12.5p each				
Opening balance	58,475,560	7,310	49,036,547	6,130
Issued under employee share schemes	1,081	–	14,865	2
Issued in connection with the June 2020 equity issue	–	–	9,424,148	1,178
Closing balance	58,476,641	7,310	58,475,560	7,310

Of the opening balance, 34,404,805 are A shares and 24,070,755 are non-voting shares (2021: 29,876,547 A shares, 19,160,000 non-voting shares). Of the closing balance, 34,405,886 are A shares and 24,070,755 are non-voting shares (2021: 34,404,805 A shares, 24,070,755 non-voting shares).

For details of the shares issued in the current period under employee share schemes, see Share Awards (see note 32).

The June 2020 equity issue comprised (a) the placing of 4,263,453 new A shares and 4,900,000 new non-voting shares (together, the 'Placing Shares'), (b) the subscription of 236,547 new A shares pursuant to an offer made by the company, concurrent to the placing, for retail investors to subscribe for new A shares and (c) the subscription, in conjunction with the placing, of 13,393 new A shares and 10,755 new non-voting shares by certain of the company's directors and/or persons closely associated with them. The new A shares were placed or issued at 1,160p per share and the new non-voting shares were placed or issued at 735p per share. The allotment and issue of the Placing Shares was effected by way of a placing of new A shares and new non-voting shares for non-cash consideration: J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove ('J.P. Morgan'), subscribed for ordinary shares and redeemable preference shares in Project UpperCase No. 1 Limited ('JerseyCo'), a Jersey incorporated wholly owned subsidiary of the company, for an amount approximately equal to the net proceeds of the placing, and the company allotted and issued the Placing Shares on a non-pre-emptive basis to places in consideration for the transfer of the ordinary shares and redeemable preference shares in JerseyCo that were issued to J.P. Morgan.

A cash box structure was used in such a way that merger relief was available under Companies Act 2006, section 612, and thus no share premium was recorded. As the redemption of the cash box entity's preference shares was in the form of cash, the transaction was treated as qualifying consideration and the premium is therefore considered to be a realised profit. Transaction costs incremental to the equity issue totalled £3.6 million and have been recorded directly in retained earnings, resulting in net realised profit recorded in retained earnings of £83.6 million. Including the nominal share capital of £1.2 million, total gross equity raised was £88.4 million.

The two classes of shares are equal in all respects except that the non-voting shares do not carry the right to receive notices of, or to attend, speak or vote at, general meetings.

Share premium account

The share premium account represents the excess of proceeds received over the nominal value of new shares issued.

Capital redemption reserve

The capital redemption reserve arose from the repurchase and subsequent cancellation of ordinary share capital. The balance represents the nominal amount of the share capital cancelled.

Hedging reserve

Hedging reserve adjustments arise from the movement in fair value of the group's derivative instruments used as an effective hedge.

Revaluation reserve

The revaluation reserve represents unrealised gains generated on the property estate from annual property valuations. It arises from the surplus of fair value over the original cost, net of any associated deferred taxation.

Retained earnings

Retained earnings consists of cumulative historic realised gains and losses net of dividends paid. It also includes a non-distributable reserve of £16.4 million (2021: £16.4 million) arising on the transfer of assets from subsidiaries to the parent as consolidated book value, and a non-distributable reserve of £33.6 million (2021: £33.6 million) arising from the transfer of revaluation reserves relating to leasehold assets following the adoption of IFRS 16.

32. Share awards

The group operated two types of share-based payment arrangements during the period ended 28 March 2022: an executive director/senior management employee deferred annual bonus ('DAB') scheme and a Save-As-You-Earn ('SAYE') scheme.

(a) DAB scheme

This scheme is designed to incentivise the executive directors and certain other senior management employees to deliver long-term superior shareholder returns. For the directors, the scheme has previously been operated with the expectation that half of any bonus will be settled in shares, with the other half being paid in cash except to the extent that the director elects to receive all or part of it in shares instead. For the non-director senior management employees, there is no expectation that any bonus will be settled in shares, but the individual may elect to take up to half in this way. Under previous years' awards, for every share taken in place of cash by a director or other senior management employee, the individual could subscribe at nominal value for one 'matching' share. The company retains the right to determine, at its sole and absolute discretion, the form in which any bonus is provided (i.e. by issue or transfer of shares and/or payment of cash); this is notwithstanding any election that an individual may make. So, if the company decides to pay a bonus entirely in cash, no 'matching' shares are receivable. The individuals are not generally free to sell any of the shares received before the end of a restricted period which ordinarily will end three years after the shares are received; special rules apply if an individual's employment terminates earlier by reason of death, retirement, illness, disability or redundancy. The 'matching' shares are subject to satisfaction of a further condition relating to the extent to which the group's adjusted earnings per ordinary share grow over a particular period; in relation to this, the remuneration committee (in respect of the directors) and the executive committee (in respect of the other senior management employees) may adjust the group's adjusted earnings per ordinary share outcome including reversing in whole or in part any adjustments already made. In certain circumstances, the shares received have to be transferred to the company or to an employee benefit trust designated by the company at a pre-agreed price or, in the case of 'matching' shares, for no consideration. The number of shares to be received by an individual in order to fulfil their entitlement is based on the market price of the company's A shares as shown in the online version of the Financial Times published on the date on which the shares are allotted (in the case of shares to be issued) or on the date of transfer set out in the relevant transfer form (in the case of shares to be transferred).

The remuneration committee has decided that in view of the introduction of a new executive long-term incentive scheme, see (b) LTIP, the operation of the deferred annual bonus scheme would change this year. Mike Owen, Simon Dodd and Tracy Dodd will be required to defer 25% of their annual bonus (net of tax, duties or social security contributions) into shares which would be subject to a holding period of three years. Patrick Dardis, who is retiring as an executive director on 30 September 2022, will receive his annual bonus in cash. No matching shares will be awarded under the scheme.

The following table summarises, at 29 March 2021 and at 28 March 2022, the outstanding entitlements to A shares under the DAB scheme of the directors and those other senior management employees who served during the period ended 28 March 2022. Neither Mike Owen nor Simon Dodd had any outstanding entitlement to A shares under the DAB scheme at 29 March 2021 or at 28 March 2022. All shares listed in the table are registered in the relevant individual's name and, save as explained above, are fully vested. No A shares were awarded during the period, and the weighted fair value of the A shares awarded during the prior period was 1,765 pence per share. During the prior period, the 'matching' shares were issued on the same date as the 'non-matching' shares which had a market value of 1,765 pence per share.

	Date of award	Matching shares (Y/N)	At 29 March 2021	Awarded during the period	Restrictions ceased to apply during the period	Transferred during period ¹	At 28 March 2022	Issue price (pence per share) ²
Patrick Dardis	June 2018	N	14,179	–	(14,179)	–	–	1,705.0
	June 2018	Y	7,089	–	–	(7,089)	–	12.5
	June 2019	N	21,671	–	–	–	21,671	1,765.0
	June 2019	Y	10,835	–	–	–	10,835	12.5
Torquil Sligo-Young	June 2018	N	6,929	–	(6,929)	–	–	1,705.0
	June 2018	Y	3,464	–	–	(3,464)	–	12.5
	June 2019	N	6,371	–	–	–	6,371	1,765.0
	June 2019	Y	3,185	–	–	–	3,185	12.5
Tracy Dodd	June 2018	N	4,329	–	(4,329)	–	–	1,705.0
	June 2018	Y	393	–	–	(393)	–	12.5
	June 2019	N	4,682	–	–	–	4,682	1,765.0
	June 2019	Y	780	–	–	–	780	12.5
Senior management employees	June 2018	N	2,201	–	(2,201)	–	–	1,705.0
	June 2018	Y	6,807	–	–	(6,807)	–	12.5
	June 2019	N	3,586	–	–	–	3,586	1,765.0
	June 2019	Y	5,143	–	–	–	5,143	12.5

¹ These shares were transferred to the Ram Brewery Trust II, an employee benefit trust designated by the company. It is anticipated that during the period ending 3 April 2023, one half of the matching shares shown as at 28 March 2022 will be transferred to Ram Brewery Trust II, further to the 50% vesting of the relevant shares as described below.

² For 'matching' shares, the price shown is the nominal value.

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

32. Share awards continued

The 2019 awards under the DAB Scheme are due to vest in June 2022. The group's adjusted earnings per share measurement growth period for the 2019 awards is the group's four-year financial period ending in 2022. The related performance conditions set a range for the growth target; they are not disclosed due to commercial sensitivity. Due to the impact of the pandemic, it has been determined that the group's adjusted earnings per share condition applicable to 'Matching Shares' received under the 2019 awards was not met. However, having regard to the company's strong performance over the period ended 28 March 2022, as the business recovered from the effects of the pandemic, the remuneration committee considered it appropriate to adjust this outcome such that participating individuals will retain 50% of the Matching Shares in question. The transfers back to the Ram Brewery Trust II of the other Matching Shares that are not retained will be shown in future financial reports.

A charge of £0.1 million (2021: £nil) was made to the group and company income statements in respect of the outstanding 19,943 'matching' shares at 28 March 2022 (2021: 37,696).

No awards have been granted since 2019. However, it is intended that awards will be made under the DAB scheme in 2022 (see above), after which it is expected that the DAB scheme will be replaced by the LTIP in FY23, see (b) LTIP below.

(b) LTIP

In order to incentivise and retain executive directors and other senior management employees, the company is adopting a new long-term incentive plan ('LTIP'), which is designed to align remuneration with both the company's long-term financial performance and the interests of shareholders. The LTIP will replace the company's existing DAB scheme, and the first grant of awards will be during FY23. The LTIP will enable the company to make awards of shares to selected employees which then vest at a later date, subject to the achievement of specified performance or other conditions determined by the remuneration committee at the time of grant, with the performance conditions to be satisfied over a specified performance period. Any employee (including an executive director) of the group may be selected to participate in the LTIP. Awards may be granted under the LTIP in the form of nil cost options over the company's ordinary shares. Participants will not be required to make any payment in exchange for the grant of an award under the LTIP.

(c) SAYE scheme

This scheme enables eligible directors and employees to acquire options over the company's A shares. The options can be granted at a discount of up to 20% of the market price of an A share at the time invitations to join the scheme for the relevant year are issued, with the proceeds of a related SAYE savings contract then being used to acquire shares at a later date if the option holders choose to do so. All employees who have worked for the minimum qualifying period on an invitation date are eligible to join the scheme. Options granted under the scheme are not subject to performance conditions other than continued employment. These options are all equity-settled.

In the current period, 130,746 options over A shares (2021: nil A shares) were granted under the scheme at an exercise price of 1,176 pence per share.

Options over 58,586 A shares were outstanding at the beginning of the period. During the period, options over 20,633 A shares lapsed, options over 84 A shares were exercised at 1,066p per share, options over 18,359 A shares were exercised at 1,364p per share and options over 1,124 A shares were exercised at 1,412p per share. The weighted average share price of options exercised during the period was 1,526 pence (2021: 1,379 pence). The options that were exercised (and in respect of which new shares were issued) resulted in an increase in share capital of £135,125 (2021: £1,858,125) and an increase in share premium of £14,728,995 (2021: £156,602,775). A credit of £0.1 million (2021: £0.1 million), valued using the Black-Scholes option pricing model, was made to the group and company income statements in respect of these options in the period. The cumulative fair value of the share options outstanding at 28 March 2022 was £0.1 million (2021: £0.1 million). Options over 149,132 A shares were outstanding at the end of the period.

The company is adopting a new set of rules for its SAYE scheme, to bring it into line with the latest legislation. The future operation of the SAYE will not be materially different from the current arrangements in place.

Valuation assumptions

Assumptions used in the Black-Scholes model to determine the fair value of share options at grant date for the period ending 28 March 2022 and 29 March 2021 were as follows:

	Group and company		
	2022 plan	2019 plan	2018 plan
Share price at grant date (pence)	1470.0	1765.0	1705.0
Exercise price (pence)	1176.0	1412.0	1364.0
Expected volatility (%)	51.0	24.9	21.0
Option life (years)	3	3	3
Expected dividends (expressed as dividend yield %)	1.3	0.9	1.3
Risk-free interest rate (%)	1.7	0.3	0.7
Probability of forfeiture (%)	2.4	70.0	61.0

During the prior period SAYE scheme was not introduced.

Volatility is based on the standard deviation of an A share of Young & Co.'s Brewery, P.L.C. over the three years prior to the grant date, adjusted for management's view of future volatility of share price. The assumed volatility may not necessarily be the actual outcome.

(d) Reward and retention bonus

In the period ended 29 March 2021 a select group of individuals (all below board level) were offered a special one-off retention and reward bonus. The terms of the offer were such that the net bonus amount would be used to purchase shares in the company on their behalf; no cash only alternative was available. 13,542 A shares were acquired from the Ram Brewery Trust II at 1,300p per share at a cost of £0.2 million (which was the mid-market closing price of an A share on 31 December 2020). These shares were released on 18 September 2021 to those individuals who remained eligible to receive them.

33. Related party transactions

Directors

Directors' emoluments and retirement benefits are disclosed in notes 9(b) and (c). Directors' interests in the company's share capital are disclosed or referred to on page 76 and in notes 9(e) and 32. No other transactions requiring disclosure have been entered into with the directors.

Pension scheme and other trust

The Young & Co.'s Brewery, P.L.C. Pension Scheme provides pensions and other benefits to employees of the group and certain other individuals. It is managed by a corporate trustee, Young's Pension Trustees Limited. Torquil Sligo-Young, a non-executive director of the company, and two other individuals, neither of whom is a director of the company, are the directors of the pension trustee company. At 28 March 2022, the scheme held 337,067 A shares (2021: 337,067), being 0.98% of the class. In March 2018, the company granted a charge over two of its pubs as security for its obligation to make payments to the scheme: the company felt it was appropriate to agree to this so as to demonstrate its commitment to the scheme and to provide the pension trustee company with greater comfort as to the security of the scheme. The charge was based on a standard form document issued by the Pension Protection Fund.

The Ram Brewery Trust II holds assets for the benefit of employees and former employees. It is managed by a corporate trustee, RBT II Trustees Limited. During the period, two individuals, neither of whom were a director of the company, were the directors of the employee benefit trustee company. At 28 March 2022, the trust held 5,819 A shares (2021: 7,652), being 0.02% of the class. During the period:

- nil A shares (2021: nil) were transferred from the trust in connection with the company's profit sharing scheme (see note 9(d));
- 18,486 A shares (2021: 1,518) were transferred from the trust in connection with the company's savings-related share option scheme (see note 9(d));
- nil A shares (2021: 13,542) were transferred from the trust, and 1,014 A shares (2021: nil) were transferred to the trust, in connection with the special one-off retention and reward bonus (see note 32(d)); and
- 15,639 A shares (2021: 15,186) were transferred to the trust in connection with the company's deferred annual bonus scheme (see note 32(a)).

Neither the pension trustee company nor the employee benefit trustee company is a related party of the company for the purposes of the AIM Rules for Companies.

Key management

The group considers key management personnel to be solely the directors of the company as they are the only ones with authority and responsibility for planning, directing and controlling the activities of the group. The compensation provided to the directors is detailed in note 9; in addition, the group made employers' national insurance contributions of £0.2 million (2021: £0.2 million) and incurred a share based payment charge of £0.1 million (2021: £nil million).

Notes to the financial statements continued

For the 52 weeks ended 28 March 2022

34. Net cash generated from operations and analysis of net debt

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Profit/(loss) before tax from continuing operations	42.1	(44.5)	42.0	(44.4)
Profit/(loss) before tax from discontinued operations	9.8	(0.7)	9.8	(0.7)
Profit/(loss) before tax	51.9	(45.2)	51.8	(45.1)
Net finance cost	9.5	9.9	9.6	9.5
Finance charge for pension obligations	0.1	0.2	0.1	0.2
Operating profit/(loss)	61.5	(35.1)	61.5	(35.4)
Depreciation of property and equipment	24.4	26.1	24.2	25.9
Depreciation of right-of-use assets	7.1	7.6	6.1	6.3
Movement on revaluation of properties	(0.8)	(1.8)	(0.8)	(1.8)
Net (profit)/loss on disposal of property	(11.4)	0.5	(11.4)	0.5
Difference between pension service cost and cash contributions paid	(1.2)	(1.4)	(1.2)	(1.4)
Share based payments	(0.1)	(0.1)	(0.1)	(0.1)
Movements in working capital				
– Inventories	(2.0)	0.7	(2.0)	0.6
– Receivables	1.5	(1.2)	1.6	(1.5)
– Payables	28.0	(18.3)	28.4	(17.0)
Net cash generated from operations	107.0	(23.0)	106.3	(23.9)

Analysis of net debt

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Cash	34.0	4.7	34.0	4.7
Current borrowings and loan capital	(30.0)	(29.8)	(30.0)	(29.8)
Current lease liability	(4.9)	(4.9)	(4.1)	(4.1)
Non-current borrowings and loan capital	(103.8)	(143.4)	(103.8)	(143.4)
Non-current lease liability	(69.1)	(75.3)	(63.6)	(69.1)
Net debt	(173.8)	(248.7)	(167.5)	(241.7)

35. Post balance sheet events

There were two post balance sheet events: the exchange of contracts and completion of the Bedford Arms (Rickmansworth), and the extension of the £50 million syndicated facility with the Royal Bank of Scotland and HSBC by one year (the first year of a two-year option to extend) to 19 May 2026.

36. Contingent liabilities

There were no contingent liabilities at the current or prior period balance sheet date.

Young & Co's Brewery, P.L.C.
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Registered in England and Wales No. 32762

Notice of meeting

If you hold any A shares, this notice is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, solicitor, accountant or other duly authorised professional adviser. If you have sold or otherwise transferred all your shares, please forward this annual report and any accompanying documents (except any personalised proxy form, if applicable) to the purchaser or transferee, or to the person through whom the sale or transfer was arranged, so they can forward this to the person who now holds the shares.

If you hold any A shares, you should have received a proxy form for use in respect of the meeting. Guidance notes on how to complete it, and on other matters, are given on the form itself and in the notes to this notice. Whether or not you propose to attend the meeting, please complete and submit the proxy form; it must be received by Computershare Investor Services PLC by 11.30am on Sunday, 3 July 2022. Appointing a proxy does not stop you from attending the meeting and voting. An attendance card is attached to the proxy form; please bring this with you to the meeting.

If you do not hold any A shares, this notice is for information purposes only.

Notice is hereby given that the 133rd annual general meeting of Young & Co.'s Brewery, P.L.C. (the 'Company') will be held in the Civic Suite in Wandsworth Town Hall, Wandsworth High Street, Wandsworth, London SW18 2PU on Tuesday, 5 July 2022 at 11.30am. Resolutions 1 to 9 will be proposed as ordinary resolutions, and resolutions 10 and 11 will be proposed as special resolutions. All A shareholders are asked to vote on these resolutions in advance of the AGM by filling in the accompanying proxy form.

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole and unanimously recommend that all A shareholders vote in favour of them as they intend to do in respect of their beneficial holdings.

Annual accounts and reports

1. To receive the Company's annual accounts for the financial year ended 28 March 2022, together with the strategic report, directors' report and the auditor's report on those accounts and reports.

Final dividend

2. To declare a final dividend of 10.26p per share for the financial year ended 28 March 2022.

Auditor appointment

3. To resolve that Ernst & Young LLP be, and is hereby, re-appointed as the Company's auditor to hold office until the conclusion of the next general meeting of the Company at which the Company's annual accounts and reports are laid in accordance with section 437 of the Companies Act 2006.

Auditor remuneration

4. To resolve that the directors be, and are hereby, authorised to determine the remuneration of the Company's auditor.

Re-appointment of directors

5. To resolve that Patrick Dardis be, and is hereby, re-appointed as a director.
6. To resolve that Stephen Goodyear be, and is hereby, re-appointed as a director.
7. To resolve that Aisling Meany be, and is hereby, re-appointed as a director.

Political donations and expenditure

8. To resolve that the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect be, and are hereby, authorised to:
 - (a) make political donations to political parties, not exceeding £50,000 in total;
 - (b) make political donations to political organisations other than political parties, not exceeding £50,000 in total; and
 - (c) incur political expenditure, not exceeding £50,000 in total;

in each case at any time during the period starting with the date this resolution is passed and ending at the end of next year's annual general meeting (or, if earlier, at 11.59pm on 30 September 2023) but the aggregate amount of political donations and political expenditure that may be made and incurred by the Company and its subsidiaries pursuant to this authority must not exceed £50,000.

Note: for the purposes of this resolution, "political donation" has the meaning given in section 364 of the Companies Act 2006, "political expenditure" has the meaning given in section 365 of the Companies Act 2006, and reference to a "political party" or to a "political organisation" is to a party or to an organisation to which Part 14 of the Companies Act 2006 applies.

Notice of meeting *continued*

Directors' authority to allot shares etc.

9. To resolve that the directors be, and are hereby, generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
- (a) up to a nominal amount of £2,436,526 (such amount to be reduced by any allotments or grants made under paragraph (b) below in excess of such sum); and
 - (b) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £4,873,053 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with an offer by way of a rights issue:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,
- and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,
- such authority to apply until the end of next year's annual general meeting (or, if earlier, until 11.59pm on 30 September 2023) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Disapplication of pre-emption rights

10. To resolve that, if resolution 9 is passed, the directors be, and are hereby, given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:
- (a) to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 9, by way of a rights issue only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities, as required by the rights of those securities, or as the directors otherwise consider necessary,
- and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- (b) in the case of the authority granted under paragraph (a) of resolution 9 and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £365,479,
- such power to apply until the end of next year's annual general meeting (or, if earlier, until 11.59pm on 30 September 2023) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Authority to purchase own shares

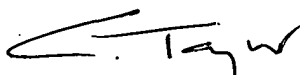
11. To resolve that the Company be, and is hereby, authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its shares of 12.5p each, provided that:

- (a) the maximum number of shares hereby authorised to be purchased (which may be all A shares, all Non-Voting shares or a mix) is 5,847,664;
- (b) the minimum price, exclusive of expenses, which may be paid for a share is 12.5p; and
- (c) the maximum price, exclusive of expenses, which may be paid for a share is the highest of:
 - (i) an amount equal to 5% above the average of the middle market quotations for a share of that class as derived from the AIM appendix to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that share is contracted to be purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time,

such authority to apply until the end of next year's annual general meeting (or, if earlier, until 11.59pm on 30 September 2023) but during this period the Company may enter into a contract to purchase shares which would, or might, be completed or executed wholly or partly after the authority ends and the Company may purchase shares pursuant to any such contract as if the authority had not ended.

By order of the board

Chris Taylor
Company Secretary



18 May 2022

Registered office:
Copper House
5 Garratt Lane
Wandsworth
London
SW18 4AQ

Registered in England and Wales No. 32762

Notice of meeting continued

Notes

Entitlement to attend, speak and vote at the meeting

To be entitled to attend, speak and vote at the meeting (and for the purpose of determining the number of votes you may cast), your name must be entered in that part of the register of members relating to holders of A shares at 7am on Monday, 4 July 2022 (or, in the event of any adjournment, at 7am on the day before the day of the adjourned meeting).

What you need to bring

If you come to the meeting, please bring with you the attendance card attached to the proxy form.

Appointment of proxies

If you hold any A shares, you may appoint a proxy to exercise all or any of your rights to attend and to speak and vote on your behalf at the meeting. You can do this by completing the proxy form which came with this document. If you did not receive a proxy form and believe that you should have one, or if you require additional forms, please contact the Company or its registrar. To be valid, your proxy form must be received by the Company's registrar no later than 11.30am on Sunday, 3 July 2022.

Who to appoint as a proxy

A proxy does not have to be a member of the Company but must attend the meeting to represent you and for your vote to be counted. Your proxy could be the chair of the meeting, a director of the Company or another person who has agreed to attend the meeting to represent you. If you appoint a proxy, you may still attend the meeting and vote in person, but in that case your proxy appointment will automatically terminate.

Multiple proxies

You may appoint more than one proxy in relation to the meeting provided each proxy is appointed to exercise the rights attached to a different A share or different A shares held by you. A space has been included in the proxy form to allow you to specify the number of A shares in respect of which that proxy is appointed. If you return the proxy form duly executed but leave this space blank, you will be deemed to have appointed the proxy in respect of all of your holding of A shares. If you wish to appoint more than one proxy in respect of your A shares, you should contact the Company or its registrar for further proxy forms or photocopy the form as required; you should also read the notes on the proxy form relating to the appointment of multiple proxies.

The following principles apply in relation to the appointment of multiple proxies:

- (a) The Company will give effect to your intentions and include votes wherever and to the fullest extent possible.
- (b) Where a proxy does not state the number of A shares to which it applies (a 'blank proxy') then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of A shares registered in your name ('your entire holding'). If there is a conflict between a blank proxy and a proxy which does state the number of A shares to which it applies (a 'specific proxy'), the specific proxy will be counted first, regardless of the time it was sent or received (on the basis that as far as possible the conflicting forms of proxy should be judged to be in respect of different A shares) and remaining A shares will be apportioned to the blank proxy (pro rata if there is more than one).
- (c) Where there is more than one proxy appointed and the total number of A shares in respect of which proxies are appointed is no greater than your entire holding, it is assumed that proxies are appointed in relation to different A shares, rather than conflicting appointments being made in relation to the same A shares; that is, there is only assumed to be a conflict where the aggregate number of A shares in respect of which proxies have been appointed exceeds your entire holding.
- (d) When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last sent (or, if the Company is unable to determine which is last sent, last received). Proxies in the same envelope will be treated as sent and received at the same time to minimise the number of conflicting proxies.
- (e) If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) your entire holding, none of them will be treated as valid.

- (f) Where the aggregate number of A shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the Company's registrar or the Company will take steps to try to clarify the situation with you should time permit. If this is not possible, none of your proxies will be treated as valid.
- (g) If you appoint a proxy or proxies and then decide to attend the meeting in person and vote in person, then the vote in person will override any proxy vote. If the vote in person is on a poll and is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote at the meeting on a poll in respect of less than your entire holding, then if you indicate on your poll card that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding.
- (h) In relation to paragraph (g), if you do not specifically revoke proxies, it will not be possible for the Company to determine your intentions in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.

Changing proxy instructions

To change your proxy instructions, you need to submit a new proxy appointment – further copies can be obtained from the Company or its registrar. However, in doing so, you should be aware of the principles that apply to multiple proxies – see the note headed *Multiple proxies*.

If you are in any doubt as to what to do where you wish to change your proxy instruction, please contact the Company's registrar or your stockbroker, solicitor, accountant or other duly authorised professional adviser.

Termination of proxy appointments

If you wish to revoke your proxy instruction, you must send to the Company's registrar a signed hard copy notice clearly stating your intention to revoke your proxy appointment. If you are a corporation, the revocation notice must be executed under your common seal or signed on your behalf by an officer of you or an attorney for you. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrar before the start of the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject as follows, your proxy appointment will remain valid. Appointing a proxy does not stop you from attending the meeting and voting. If you appoint a proxy and attend the meeting, your proxy appointment will automatically be terminated.

Multiple corporate representatives

If you are a corporation, you may appoint one or more corporate representatives who may exercise on your behalf all your powers as a member provided they do not do so in relation to the same A shares.

Name and address of the Company's registrar

The Company's registrar is Computershare Investor Services PLC. They can be contacted at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ. Their telephone number is 0370 707 1420.

Display documents

The following will be available for inspection at the Company's registered office during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this notice until 10am on the day of the meeting:

- copies of the executive directors' service contracts; and
- copies of the letters of appointment of the non-executive directors.

After 10am on the day of the meeting, these documents will be available for inspection at the meeting venue until the end of the meeting.

Communication

Any address or number used for the purpose of sending or receiving documents or information by electronic means that is referred to in the Company's 2022 annual report or any proxy form for the Company's 133rd annual general meeting may not be used to communicate with the Company for any purpose other than any expressly stated.

Explanatory notes to the notice of meeting

Notice of the 133rd annual general meeting of Young & Co.'s Brewery, P.L.C. (the 'Company') to be held on Tuesday, 5 July 2022 is set out on pages 141 to 145.

Resolutions 1 to 9 are ordinary resolutions; this means that for each of those resolutions to be passed, more than half of the votes cast must be in favour.

Resolution 1: annual accounts and reports

The directors have to lay copies of the Company's annual accounts, the strategic report, directors' report and the auditor's report on those accounts and reports before you at a general meeting; this is a legal requirement.

Resolution 2: final dividend

An interim dividend of 8.55p per share was paid in December 2021. The directors are recommending a final dividend of 10.26p per share for the year ended 28 March 2022, bringing the total dividend for the year to 18.81p per share. Subject to approval being given, the final dividend is expected to be paid on 7 July 2022 to shareholders on the register at the close of business on 10 June 2022.

Resolution 3: auditor appointment

An auditor is required to be appointed for each financial year of the Company. Ernst & Young LLP, the Company's current auditor, has agreed to serve for the current financial year and their re-appointment is therefore being proposed.

Resolution 4: auditor remuneration

In accordance with normal practice, the directors are asking for your authority to determine the auditor's remuneration.

Resolutions 5, 6 and 7: re-appointment of directors

Patrick Dardis and Stephen Goodyear are both retiring as directors at this meeting; this is because they were directors at the last two annual general meetings and did not retire at either of them. Aisling Meany will also be retiring from the office of director at the meeting; this is because she was appointed by the board since the last annual general meeting. All of these individuals are seeking re-appointment; their brief biographical and other details are on pages 54 and 56.

Resolution 8: political donations and expenditure

This resolution seeks renewal of the existing authority for the Company and its subsidiaries to make or incur certain political donations and political expenditure. Although there is no intention to make or incur such donations or expenditure, the legislation is very broadly drafted and may catch activities such as funding seminars and other functions to which politicians are invited and supporting certain bodies involved in policy review and law reform. The authority given by this resolution will be capped at £50,000 in total.

Resolution 9: directors' authority to allot shares etc.

Paragraph (a) of this resolution would give the directors the authority to allot shares or grant rights to subscribe for or convert any securities into shares up to an aggregate nominal amount equal to £2,436,526 (representing 19,492,208 shares of 12.5p each). This amount represents approximately one-third of the Company's issued share capital as at 17 May 2022. In line with guidance issued by the Investment Association in July 2016, paragraph (b) of this resolution would give the directors authority to allot shares or grant rights to subscribe for or convert any securities into shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £4,873,053 (representing 38,984,424 shares), as reduced by the nominal amount of any shares issued under paragraph (a) of this resolution). This amount (before any reduction) represents approximately two-thirds of the Company's issued share capital as at 17 May 2022. The authority sought under this resolution will expire at the end of next year's annual general meeting (or, if earlier, at 11.59pm on 30 September 2023). The directors have no present intention to exercise the authority sought under this resolution. As at the date of the notice, no shares are held by the Company in treasury.

Resolutions 10 and 11 are special resolutions; this means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour.

Resolution 10: disapplication of pre-emption rights

This resolution would give the directors the power to allot shares (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings. This power would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the directors otherwise consider necessary, or otherwise up to an aggregate nominal amount of £365,479 (representing 2,923,832 shares). This amount represents approximately 5% of the Company's issued share capital as at 17 May 2022. The power sought under this resolution will expire at the end of next year's annual general meeting (or, if earlier, at 11.59pm on 30 September 2023).

Resolution 11: authority to purchase own shares

This resolution would give the Company the authority to purchase up to 10% of the Company's issued shares (excluding any treasury shares). The directors have no present intention to exercise the authority to make market purchases, however the authority provides the flexibility to allow them to do so in the future. The directors will exercise this authority only when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to be earnings enhancing. Shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The Company currently has no shares in treasury. The minimum price, exclusive of expenses, which may be paid for a share is 12.5p. The maximum price, exclusive of expenses, which may be paid for a share is the highest of (i) an amount equal to 5% above the average of the middle market quotations for a share of that class as derived from the AIM appendix to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date of the purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time. As at 1 May 2022, the Company had options outstanding over 145,066 A shares, representing 0.25% of the Company's issued share capital at that date. If the Company were to purchase (and cancel) its own shares to the fullest possible extent of its existing authority and of the authority sought by this resolution, these options would then represent 0.31% of the Company's issued share capital. No warrants to subscribe for shares are outstanding. The authority sought under this resolution will expire at the end of next year's annual general meeting (or, if earlier, at 11.59pm on 30 September 2023).

Senior personnel, committees, banks, advisers and others

Directors

Stephen Goodyear
Non-Executive Chairman

Patrick Dardis
Chief Executive

Mike Owen
Chief Financial Officer

Simon Dodd
Chief Operating Officer

Tracy Dodd
People Director

Nick Miller
Senior Independent
Non-Executive Director

Ian McHoul
Independent Non-Executive Director

Torquil Sligo-Young
Non-Executive Director

Aisling Meany
Independent Non-Executive Director

Company Secretary

Chris Taylor

Audit committee

Ian McHoul (Chair)
Nick Miller
Aisling Meany

Remuneration committee

Nick Miller (Chair)
Ian McHoul
Aisling Meany

Banks

HSBC Bank plc
8 Canada Square
London E14 5HQ

Royal Bank of Scotland Group plc
Corporate Banking London
250 Bishopsgate
London EC2M 4RB

Bardays Bank plc
1 Churchill Place
London E14 5HP

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Nominated adviser

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP

Stockbrokers

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP

Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Solicitors

Gowling WLG (UK) LLP
Two Snowhill
Birmingham
B4 6WR

Slaughter and May
One Bunhill Row
London EC1Y 8YY

Shareholder information

Registrar

The company's registrar is
Computershare Investor Services PLC.
They can be contacted at The Pavilions,
Bridgwater Road, Bristol BS99 6ZZ.
Their telephone no. is 0370 707 1420.

Managing your shares

Information about how to manage
your shareholding online can be
found at www.investorcentre.co.uk.
Shareholders can contact Computershare
on the details above in relation to
administrative enquires relating to their
shares, such as a change of personal
details, the loss of a share certificate,
out-of-date dividend cheques and a
change of dividend payment methods.

Shareholder communications

Shareholders who have not yet elected
to receive shareholder documentation
in electronic form can sign up by
registering at www.investorcentre.co.uk.
Should Shareholders who have elected
for electronic communications require
a paper copy of any of the Company's
shareholder documentation, or wish to
change their instructions, they should
contact Computershare.

Shareholder fraud

Fraud is on the increase and many
shareholders are targeted every year.
If you have any reason to believe that
you may have been the target of a
fraud, or attempted fraud in relation
to your shareholding, please contact
Computershare immediately.

Shareholder offers

Details of shareholder discounts and
offers are mailed to shareholders from
time to time. Any shareholder who does
not wish to receive details of such offers
should write to the Company Secretary
at the registered office.

Registered office and company number

Copper House
5 Garratt Lane
Wandsworth
London SW18 4AQ

Registered number: 32762

Further information

Please visit: www.youngs.co.uk

Young's pubs and hotels

How many have you visited?

- | | | |
|--|---|--|
| ☐ Adam and Eve, Fitzrovia | ☐ Canonbury, Islington | ☐ Double Locks, Exeter |
| ☐ Albans Well, St Albans | ☐ Carnarvon Arms, Newbury | ☐ Duchess of Kent, Islington |
| ☐ Albert, Kingston-upon-Thames | ☐ Castle, Islington | ☐ Duke of Cambridge, Battersea |
| ☐ Albion, City of London | ☐ Castle, Tooting | ☐ Duke of Clarence, Kensington |
| ☐ Alexander Pope, Twickenham | ☐ Chelsea Ram, Chelsea | ☐ Duke of Wellington, Notting Hill |
| ☐ Alexandra, Wimbledon | ☐ Chequers Inn, Hanham Mills | ☐ Duke on the Green, Parsons Green |
| ☐ Alma, Wandsworth | ☐ Chequers, Walton-on-the-Hill | ☐ Duke's Head, Putney |
| ☐ Angel & Greyhound, Oxford | ☐ Cherry Tree, East Dulwich | ☐ Duke's Head, Wallington |
| ☐ Bear Inn Hotel, Esher | ☐ City Gate, Exeter | ☐ Dunstan House Inn, Burnham-on-Sea |
| ☐ Bear, Cobham | ☐ Clarence, Westminster | ☐ Eagle, Shepherd's Bush |
| ☐ Bear, Oxshott | ☐ Clock House, East Dulwich | ☐ East Hill, Wandsworth |
| ☐ Beaufort, Hendon | ☐ Coach & Horses, Barnes | ☐ Elgin, Notting Hill |
| ☐ Bell Hotel, Stow-on-the-Wold | ☐ Coach & Horses, Greenwich | ☐ Enderby House, Greenwich |
| ☐ Bell, Fetcham | ☐ Coach & Horses, Isleworth | ☐ Fellow, King's Cross |
| ☐ Betjeman Arms, St Pancras | ☐ Coach & Horses, Kew | ☐ Fentiman Arms, Oval |
| ☐ Bickley, Chislehurst | ☐ Coat and Badge, Putney | ☐ Final |
| ☐ Bishop, Kingston-upon-Thames | ☐ Coborn, Mile End | ☐ Finch's, Islington |
| ☐ Blue Boar, Chipping Norton | ☐ Cock Tavern, Fulham | ☐ Fire Stables, Wimbledon |
| ☐ Boathouse, Instow | ☐ Constitution, Camden
(closed – not trading) | ☐ Flask, Hampstead |
| ☐ Boathouse, Putney | ☐ Coopers Arms, Chelsea | ☐ Foley, Claygate |
| ☐ Brewers Inn, Wandsworth | ☐ County Arms, Wandsworth | ☐ Founders Arms, Southbank |
| ☐ Bridge Hotel, Chertsey | ☐ Cow, Westfield Stratford | ☐ Fox & Anchor, Smithfield Market |
| ☐ Bridge Hotel, Greenford | ☐ Crooked Billet, Wimbledon | ☐ George Hotel, Cheltenham |
| ☐ Britannia, Kensington | ☐ Crown & Anchor, Chichester | ☐ Grand Junction Arms, Harlesden |
| ☐ Brook Green Hotel, Hammersmith | ☐ Crown Hotel, Chertsey | ☐ Grange, Ealing |
| ☐ Buckingham Arms, Westminster | ☐ Crown Inn, Minchampton | ☐ Grantley Arms, Womersley |
| ☐ Bull and Gate, Kentish Town | ☐ Crown, Bow | ☐ Green Man, Putney |
| ☐ Bull, Bracknell | ☐ Crown, Lee | ☐ Greyhound, Carshalton |
| ☐ Bull, Ditchling | ☐ Crown, Twickenham | ☐ Grocer, Spitalfields |
| ☐ Bull, Streatham | ☐ Curtains Up, West Kensington | ☐ Grove, Balham |
| ☐ Bull, Westfield Shepherd's Bush | ☐ Cutty Sark, Greenwich | ☐ Grove, Exmouth |
| ☐ Bulls Head Chislehurst | ☐ Defector's Weld, Shepherd's Bush | ☐ Guard House, Woolwich |
| ☐ Bulls Head, Barnes | ☐ Devonshire, Balham | ☐ Guinea, Mayfair |
| ☐ Bunch of Grapes, London Bridge | ☐ Dial Arch, Woolwich | ☐ Half Moon, Putney |
| ☐ Canbury Arms,
Kingston-upon-Thames | ☐ Dirty Dicks, Bishopsgate | ☐ Halfway House, Earlsfield |
| ☐ Candlemaker, City of London | ☐ Dog & Fox, Wimbledon | ☐ Hammersmith Ram, Hammersmith |
| ☐ Canford Hotel, Poole | ☐ Dolphin, Betchworth | ☐ Hand and Spear, Weybridge |
| | | ☐ Hand in Hand, Wimbledon |

Young's pubs and hotels continued

- | | | |
|--|--|---|
| ☐ Hare & Hounds, East Sheen | ☐ Old Brewery, Greenwich | ☐ Spread Eagle, Camden |
| ☐ Highbury Vaults, Bristol | ☐ Old Manor, Potters Bar | ☐ Spread Eagle, Wandsworth |
| ☐ Hollow Bottom, Guiting Power | ☐ Old Shades, Westminster | ☐ Spring Grove, Kingston-upon-Thames |
| ☐ Hollywood Arms, Chelsea | ☐ Old Ship, Hammersmith | ☐ Station Hotel, Hither Green |
| ☐ Home Cottage, Redhill | ☐ Old Ship, Richmond | ☐ Station Tavern, Cambridge |
| ☐ Hope and Anchor, Brixton | ☐ One Tun, Fitzrovia | ☐ Swan, Walton-on-Thames |
| ☐ Horts, Bristol | ☐ Onslow Arms, West Clandon | ☐ Tavern, Cheltenham |
| ☐ Kings Arms Oxford | ☐ Orange Tree, Richmond | ☐ The Depot, Kidbrooke Village |
| ☐ Kings Arms, Chelsea | ☐ Owl and Pussycat, Shoreditch | ☐ Theodore Bullfrog, Charing Cross |
| ☐ Kings Arms, Wandsworth | ☐ Oyster Shed, Bank | ☐ Trafalgar Arms, Tooting |
| ☐ Kings Head, Islington | ☐ Park Hotel, Teddington | ☐ Trinity Arms, Brixton |
| ☐ Kings Head, Roehampton | ☐ Paternoster, St Paul's | ☐ Victoria, Kingston-upon-Thames |
| ☐ Kings Head, Winchmore Hill | ☐ Penny Black, Leatherhead | ☐ Village Inn, Ealing |
| ☐ Lamb Tavern, Leadenhall Market | ☐ Pheasant Inn, Lambourn | ☐ Waterfront, Wandsworth |
| ☐ Lamb, Bloomsbury | ☐ Phoenix, Chelsea | ☐ Waterside, Fulham |
| ☐ Lamb, Hindon | ☐ Phoenix, Victoria | ☐ Weyside, Guildford |
| ☐ Lass O'Richmond Hill, Richmond | ☐ Plough, Beddington | ☐ Wheatsheaf Hotel, Northleach |
| ☐ Leather Bottle, Earlsfield | ☐ Plough, Clapham Junction | ☐ Wheatsheaf, Borough Market |
| ☐ Leman Street Tavern, Aldgate | ☐ Porchester, Westbourne Grove | ☐ Wheatsheaf, Esher |
| ☐ Lion and Unicorn, Kentish Town | ☐ Prince Albert, Battersea | ☐ White Bear, Kennington |
| ☐ Lock Keeper, Keynsham | ☐ Prince Alfred, Maida Vale | ☐ White Bear, Tunbridge Wells |
| ☐ Lockhouse, Paddington | ☐ Princess of Wales, Clapton | ☐ White Cross, Richmond |
| ☐ Lord Palmerston, Tufnell Park | ☐ Queen Adelaide, Wandsworth | ☐ White Hart, Barnes |
| ☐ Lounge at The Salt Room, Islington | ☐ Queens, Primrose Hill | ☐ White Hart, Littleton-on-Severn |
| ☐ Manor Arms, Streatham | ☐ Red Barn, Lingfield | ☐ White Hart, Sherfield On Loddon |
| ☐ Marlborough, Richmond | ☐ Red Lion, Radlett | ☐ White Horse, Broadgate |
| ☐ Marquess of Anglesey, Covent Garden | ☐ Richard the First, Greenwich | ☐ White Horse, Hascombe |
| ☐ Mitre, Lancaster Gate | ☐ Riverside, Vauxhall | ☐ Windmill, Clapham |
| ☐ Mitre, Shaftesbury | ☐ Riverstation, Bristol | ☐ Windmill, Mayfair |
| ☐ Morpeth Arms, Westminster | ☐ Roebuck, Hampstead | ☐ Wood House, Dulwich |
| ☐ Mulberry Bush, Southwark | ☐ Rose and Crown, Wimbledon | ☐ Woolpack, Bermondsey |
| ☐ Narrowboat, Islington | ☐ Royal Oak, Bethnal Green | ☐ Worplesdon Place, Guildford |
| ☐ Naturalist, Hackney | ☐ Seagate Hotel, Appledore | |
| ☐ New Inn, Ealing | ☐ Shaftesbury, Richmond | |
| ☐ Nightingale, Balham | ☐ Ship Inn, East Grinstead | |
| ☐ Nine Elms Tavern, Battersea | ☐ Ship, Wandsworth | |
| ☐ No 38 Park Hotel, Cheltenham | ☐ Smiths of Smithfield, Smithfield Market | |
| ☐ Northcote, Battersea | ☐ Spotted Horse, Putney | |

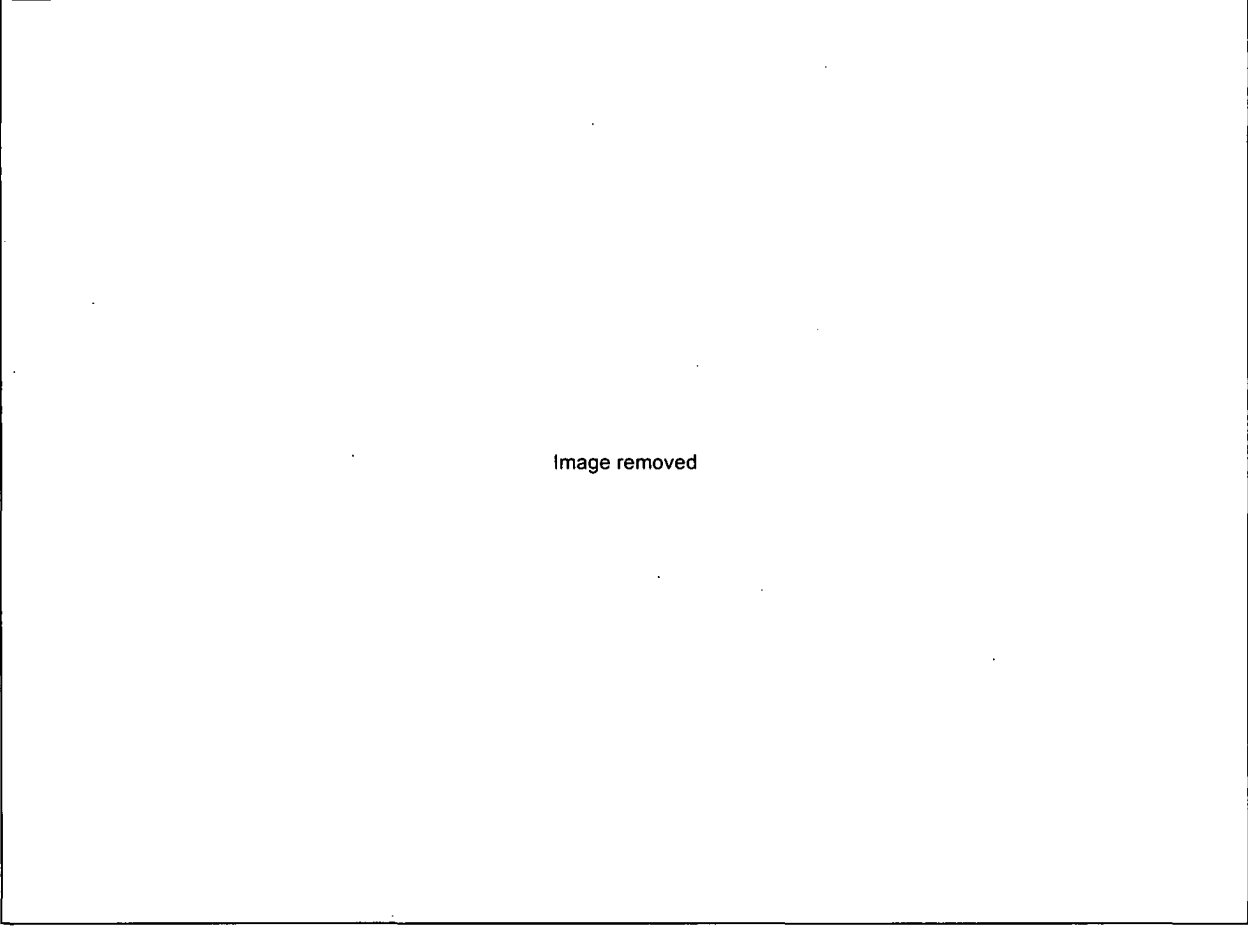


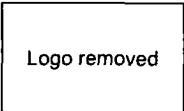
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“It has been a huge privilege to lead the group for the past six years and I am pleased to hand over the reins to my successor, Simon Dodd and the rest of the executive team.”

Patrick Dardis
Chief Executive

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