

Together at Young's

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Annual Report
for the 52 weeks ended 29 March 2021

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About Young's

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.

Together at Young's
we look forward to
the future with optimism.

The past year has been challenging for everybody. Lockdown has shown us all how important the Great British Pub is for so many people and local communities.

We have been working hard to make sure Young's is at its best as we reopen our doors and that we remain in a strong financial position to invest for the future.

From all our teams we want to wish you a very warm welcome back to our pubs and hotels.

Results

Revenue
(£m)

£90.6

2020: £311.6

Adjusted operating
(loss)/profit (£m)¹

£(34.0)

2020: £46.5

Operating
(loss)/profit (£m)

£(35.1)

2020: £37.9

Adjusted (loss)/profit
before tax (£m)¹

£(44.1)

2020: £37.7

(Loss)/profit before
tax (£m)

£(45.2)

2020: £29.1

Net cash generated
from operations (£m)

£(23.0)

2020: £72.5

Adjusted basic (loss)/
earnings per share¹

(66.63)p

2020: 60.18p

Basic (loss)/earnings
per share

(68.23)p

2020: 39.37p

Dividend
per share

—

2020: 10.57p

Net assets
per share²

£11.04

2020: £12.05

The story of our year

“We were able to navigate our way through the pandemic, despite the last financial year being one of the most challenging in our 189-year history.”

I am extremely proud of the way our teams have reacted to the extraordinary challenges that we have faced. The absolute professionalism of our pub managers and their teams has enhanced our reputation as a highly responsible pub operator and underlined the exceptional quality of the Young's business.

Despite the many lockdowns and disruption to our business, the financing decisions taken during the summer allowed us to continue to make significant investments in our pubs, with some truly transformational projects. We expect to see excellent growth from this investment in our next financial year and beyond.

We are confident with the steps we have taken to ensure Young's continues to be in a position of strength and there is potential for a strong recovery this summer.

Patrick Dardis
Chief Executive

IMAGE REMOVED

All of the results above are from continuing operations.

¹ Reference to an “adjusted” item means that item has been adjusted to exclude non-underlying costs (see notes 10 and 11).

² Net assets per share are the group's net assets divided by the shares in issue at the period end.

April – June

After closing in March 2020, our pubs remained shut for the majority of the first four months of the period. It was great to see the individual acts of kindness across the estate, as our teams stepped up to help the most vulnerable in their communities, gifting food parcels to elderly neighbours and hospices, and delivering meals to NHS staff.

IMAGE REMOVED

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July

We took a cautious approach, deciding to reopen all our managed houses on 20 July. This allowed us to put in place all the necessary covid-19 safety protocols without compromising on the great Young's experience. Our managers had time to retrain their teams, dust away any cobwebs and prepare our wonderful pubs ready to welcome back our loyal customers.

IMAGE REMOVED

IMAGE REMOVED

August – October

We were open for business and the resilience of our customers truly amazed us as they flocked back in large numbers. The "Eat Out to Help Out" campaign helped drive midweek food sales in August, and despite social distancing restrictions, trading was encouraging. It was fantastic to welcome our customers back after months away.

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IMAGE REMOVED

November – March

Following the second national lockdown all our pubs closed on 5 November, and although we were able to open our doors again in December, trading was short-lived. Our pubs would remain closed until the end of the period. However, by the end of March we were gearing up ready to reopen a large number of our pubs in April.

Chairman's statement

We look forward to the future with optimism

£90.6m

Revenue

£88.4m

Equity proceeds

IMAGE REMOVED

“In a year overshadowed by covid-19, I am immensely proud of everyone at Young’s who, together, have reacted so positively in such adverse trading conditions.”

We have taken the necessary steps to ensure Young’s continues to be in a position of strength and able to take full advantage of the pub market as it returns to some level of normality. Our pubs have continued to be at the heart of their communities, and when allowed to open they were covid-19 secure, providing a safe environment for our customers and teams. The absolute professionalism of our pub managers and their teams has enhanced our reputation as a highly responsible pub operator and underlined the exceptional quality of the Young’s business.

I have been very proud of how Young’s provided significant support for our teams, suppliers, tenants and local communities during this difficult period. We are focussed on creating value for all our stakeholders and enhancing the communities where we operate. The board is currently devising a comprehensive ESG strategy and will update our stakeholders on our plans in due course.

The extraordinary challenges posed by covid-19 meant that we needed to preserve and strengthen our capital position. The initial short-term measures included issuing £30.0 million in commercial paper under the Bank of England’s Covid Corporate Financing Facility, which was paid back in full on 13 May 2021, and securing an additional £20.0 million committed facility. Longer-term, we refinanced the £50.0 million term loan that was due to expire in March 2021, with a new longer-term five-year facility that takes us to 2025. This facility also has two one-year extension options that could take it out to 2027.

In June 2020, we also raised additional gross funds of £88.4 million, through a share placing, highlighting at the time the need not only to improve liquidity, but also to ensure we were able to support our investment programme both in our existing estate and provide for opportune acquisitions. Our investment programme had previously been put on hold as part of our covid-19 related cash conservation plan. These actions have reinforced Young’s as a sound, resilient business, built on a firm financial footing with a balanced, well-invested and substantial estate of great pubs.

Our long-standing strategy of operating a differentiated, premium, and well-invested pub estate remains unaltered. Young’s has been focussed on steering a measured long-term course through the current crisis. We have continued to invest in our pubs as a result of the financing decisions taken during the summer, investing £17.0 million in our managed estate, with some truly transformational projects, including at several of our iconic pubs such as the Windmill Hotel (Clapham), Oyster Shed (Bank) and the Green Man (Putney). We have also continued to invest in developing new pubs, completing two during the year: Enderby House (Greenwich) and Alban’s Well (St. Albans).

Young’s is in a very strong position to capitalise on the truly exciting times that I hope lay ahead, with financial firepower to continue to upgrade our existing pubs and take advantage of attractive acquisition opportunities that may come to the market.

On 12 April, we reopened 144 of our pubs, and the level of trade clearly demonstrates that the great British public has been yearning to get back to their local, which plays such a vital part in the lives of so many. We are looking forward to the further easing of restrictions so we can open our pub estate fully.

In light of this year’s disruption to our business and the expected lower levels of trade for April, May and June, the board concluded that it was not appropriate to recommend payment of a final dividend for the financial year just ended. The board is very mindful of the importance of dividends to its shareholders and intends to resume dividend payments as soon as is appropriate.

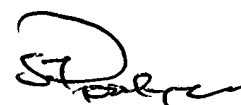
In September, Torquil Sligo-Young retired as an executive director, a role he held for 24 years. During this time, Torquil held several roles but will be particularly remembered for his great work developing our IT solutions. Happily, Torquil has accepted our invitation to remain on the board as a non-executive director. In January, Trish Corzine stepped down as a non-executive director, having completed a second three-year term. She brought with her a wide-ranging knowledge and experience of the hospitality and leisure sector, having spent most of her career in the restaurant industry. Further, Roger Lambert will be retiring as a non-executive director at the end of July, shortly after this year’s AGM. Roger has been associated with Young’s for many years, initially as our corporate advisor with Cazenove and for the past 13 years as a non-executive director; his wise counsel has always been hugely appreciated.

I would also like to personally thank Patrick and his executive team of Mike, Simon and Tracy for their exemplary leadership through such unprecedented times. To have the entire estate closed for almost nine months but continue to maintain the spirit and momentum of the business has been a considerable achievement.

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Stephen Goodyear
Chairman

19 May 2021



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

273

Pubs

£773.7m

Valuation of our estate

CHART REMOVED

CHART REMOVED

4,185

Employees

688

Hotel rooms

Pubs

Freehold* and leasehold

54

Burger Shacks

CHART REMOVED

* includes long leaseholds

Looking ahead to 2021

IMAGE REMOVED

IMAGE REMOVED

IMAGE REMOVED

The Shack is back

Our famous Burger Shack is back! With new branding, unique collaborations and our best of British seasonal ingredients offered at a record number of shacks from April.

Exciting summer of live sport

With the rearranged 2020 Euro's football and Tokyo Olympics, alongside the Lions rugby tour of South Africa and Wimbledon tennis, it's an electrifying line-up of live sport this summer.

Year of the staycation

We are strongly positioned with our well-invested hotel estate to serve the rise in popularity for staycations in London and the south of England.

Our locations

Since 1831, we've been running some of the best neighbourhood pubs, boutique hotels and city bars in London and the south of England. No two of our pubs are the same – they reflect the village vibes, suburb setting and city streets around them.

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Refurbishments and renovations

IMAGE REMOVED

Enderby House, Greenwich

Our project in Greenwich was recently finished, creating a magnificent, contemporary pub in a beautiful and historic building with views of the river.

IMAGE REMOVED

Windmill, Clapham

This ever popular pub and hotel on Clapham Common has had a complete renovation of the trading space with a stunning new bar and dining space.

IMAGE REMOVED

The Canford, Poole

We have added a further ten beautiful boutique rooms, along with upgrading the garden, in this popular hotel down on the south coast, minutes away from stunning beaches.

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 £17.0m in our managed estate, from acquisitions, to refurbishments of iconic favourites and adding new boutique bedrooms.

Acquisitions

Alban's Well, St Albans (right)

Recently opened, this stunning pub and kitchen in the heart of St Albans showcases a forward-thinking approach to social dining with a focus on sustainable, local and simple dishes. A first for Young's, we installed a wine wall showcasing the extensive range of wines we offer.



Major projects

Enderby House, Greenwich (right)

Our multi-million pound project nestled in the heart of Greenwich was completed in March, creating a magnificent, contemporary pub in a beautiful historic building with views of the river. Boasting a stunning terrace and an array of floors and feature rooms to host afternoon teas, private dining experiences, meetings and social meetups.



The Grange, Ealing (above)

With a wonderful new conservatory refurb and a big upgrade to the garden, the Grange in Ealing is ready for the summer.

Windmill, Clapham (right)

This ever popular pub and hotel on Clapham Common has had a complete renovation of the trading space with a new bar, snug spaces, a beautiful garden dining room and additional external covers to accompany the revamped Burger Shack.



Major projects continued

Duke of Wellington, Notting Hill (below)

Sitting on the buzzing Portobello Road, the Duke of Wellington has undergone a major renovation including a beautiful new lounge with cosy seating and a 'Pie Room' serving delicious home made pies.

IMAGE REMOVED

Oyster Shed, City of London (left)

One of the City's finest watering holes has been stunningly improved with a large mezzanine extension creating additional covers and private hire space.

IMAGE REMOVED

IMAGE REMOVED

Duke on the Green, Fulham (above)

Overlooking Parsons Green, this pub now boasts a superb new bar and eating area, complete with snug seating by the fire and a vibrant and light back room.

Hotels

IMAGE REMOVED

IMAGE REMOVED

Park Hotel, Teddington (above)

We have created ten premium boutique bedrooms in the main building of our iconic pub and hotel in Teddington, ready for the staycation boom.

The Canford, Poole (above)

We have added a further ten beautiful boutique rooms, along with upgrading the garden in this popular hotel down on the south coast, minutes away from stunning beaches.

Chief executive’s review
A year like no other

£35.1m
Operating loss

£19.1m
Cash invested

IMAGE REMOVED

“I am incredibly proud of the Young’s team, for all their hard work and the way they handled the challenges thrown at them over the course of the year.”

The last financial year has been one of the toughest we have ever endured; our wonderful pubs spent many more days with their doors closed to our customers than open. Talk of like-for-like sales and new pub openings took a backseat, replaced by national lockdowns, trading restrictions and curfews. Despite this, there is now a real sense of excitement and anticipation for the year to come. With all our pubs having reopened, albeit subject to operational restrictions for now, we are focussed on a strong recovery.

The impact of covid-19 on our financial results has understandably been significant. With only just under four months of trading possible, total group revenue was down by 70.9% to £90.6 million, resulting in an operating loss of £35.1 million. Once adjusted for non-underlying items, the operating loss was £34.0 million.

Our operators and support teams went through the immense task of closing and then reopening our pubs for three national lockdowns. During the enforced periods of closure, we were busy behind the scenes reviewing our cost base, investing in the estate and streamlining the business so that we returned stronger and can look forward with confidence.

Faced with a global pandemic and our pubs closed for the first time in my lifetime, we moved quickly last summer to strengthen our capital position. Longer term, we refinanced the £50.0 million term loan that was due to expire in March 2021, replacing it with a five-year facility that takes us up to 2025. This facility also has two one-year extension options that could take it out to 2027. Short term, we accessed £30.0 million from the Bank of England under the Covid Corporate Financing Facility (“CCFF”), which was paid back in full on 13 May, and we secured a further £20.0 million revolving credit facility.

With one eye on the future, we then raised gross proceeds of £88.4 million through an equity issue of new shares in June. This allowed us to restart our investment programme, and it provided vital funding ahead of what turned out to be another lengthy period in lockdown.

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. We were pleased to provide extensive support to a number of our stakeholders during the pandemic, particularly all our fantastic teams. Going forwards, the group intends to set out an ESG strategy outlining the material risks and opportunities for Young’s and how we can play a positive role in the communities in which we operate. We believe that embracing this approach will contribute to the long-term success of our business.

For our managers and their teams in the pubs it has been a difficult period. The majority of time has been spent away from their businesses on furlough, but they have been fantastic in rising to the challenges thrown at them. Maintaining contact with our teams during these extended periods away from the business on furlough has been vitally important. We used various social media platforms and our ‘Keeping in touch’ Facebook group to provide our teams with regular updates on what has been going on at Young’s, with video content from heads of department and myself. Training sessions have also taken place online for teams to keep their skills up to date.

Going all the way back to last spring, many of our teams immersed themselves fully to help support those in their local communities most in need, through providing meals to frontline healthcare workers, donating food supplies or giving up their time to help nearby food banks.

We were one of the first pub companies to confirm support for their tenants with rent holidays, as opposed to just rent deferrals, meaning they were rent free without the worry of having to pay this back in the future.

Our customers are really important to us and their loyalty has never wavered. They flocked back initially after we reopened all our pubs on 20 July, which was followed by the success of “Eat Out to Help Out” where sales were in growth on the prior year. Despite the ever-changing restrictions that we faced, sales often reached 90% of the prior year up until the second lockdown in November. This gives us great confidence in our proposition and the potential for strong trading once all covid-19 operating restrictions are lifted.

We pride ourselves on operating a differentiated, premium and well-invested pub estate. Even in the desperately hard times we have found ourselves in recently, it has been important to continue the investment in our managed pubs, made possible by the financing decisions taken during the summer. Once the first lockdown was lifted in July, we were immediately back on-site at three projects that had been stopped in their tracks – the Green Man (Putney), Seagate Hotel (Appledore) and the City Gate (Exeter) – to ensure all were completed in time to capitalise on the summer trade.

Chief executive's review continued

After the summer, we resumed our capex programme with schemes at the Duke of Cambridge (Battersea), Duke on the Green (Fulham) and the Duke of Wellington (Notting Hill), bringing these fine traditional pubs back to the highest of Young's premium standards. In March this year, we also invested in one of our most iconic pubs, transforming the bar and dining areas at the Windmill (Clapham), and added a further 87 covers at our City of London favourite, the Oyster Shed (Bank); both completed in time for the reopening on 12 April. Ahead of another busy staycation summer, we have continued to invest in our hotels. Creating 11 stylish boutique bedrooms at the Canford (Poole), investing in a further ten boutique bedrooms at the Park (Teddington) and transforming the bar and restaurant areas at the Bear (Esher), we are ready to capitalise on what will hopefully be a bumper British summer.

More important than ever, this year has seen the value of desirable outside trading space that can be used throughout the year and not just during the summer months. Ahead of autumn, we invested £1.1 million in adding huts, stunning stretch tents and heaters in many more of our pubs, creating an environment that people could really enjoy, and for some customers the excitement of discovering our amazing gardens for the very first time. Further, whilst dining outside, our customers will now be able to order from our rejuvenated Burger Shacks. After breathing new life into the brand, we have launched a new menu with greater variety and unique 'Shack Session' beers.

Understandably it has been quiet on the acquisition front and we ended the period with 273 pubs (2020: 276). On reopening this April, we launched in St Albans, a new territory for Young's, with Alban's Well, and extended our presence in Greenwich through the opening of Enderby House, an acquisition made in the previous year. Both pubs have undergone significant investment and showcase the finest essence of Young's, with premium bar and dining areas and well thought out external trading space. I am particularly excited to see how these additions to the managed estate perform over the coming year. During the year, we also acquired a freehold property in the Cotswolds village of Stow-on-the-Wold where we already have the Bell Inn, a wonderful pub and hotel with 13 rooms. This additional property will, subject to planning, enable us to add further boutique bedrooms and car parking space in a highly desirable, premium location.

During the year, three businesses transferred from our tenanted division – the Spread Eagle (Wandsworth), Ship Inn (East Grinstead) and the Royal Oak (Bethnal Green) – and all present fantastic future growth potential following investment. We are already on-site at the Spread Eagle, a freehold site, starting to build our new head office, back in the heart of Wandsworth, ready to move in during spring 2022.

Current trading and outlook

On 12 April, we were pleased to open 144 of our pubs for the much-anticipated reopening of the economy and phase two of the Government's four-step plan. The pent-up demand was evident weeks in advance as bookings for our gardens, huts and newly created external space flooded in. Over the first five weeks, we saw very strong trading and achieved 85% of normal trade in those 144 pubs.

Our remaining pubs and hotels reopened this week, along with thousands more pubs and restaurants that form the great hospitality sector, ready for the next important step towards normality. The key date for us is 'freedom day' on 21 June – the day that will truly make a difference.

After the period end, we appointed Savills to explore the possible sale of the tenanted estate. There can be no certainty, however, that any sale will proceed. We also completed the freehold acquisition of the Greenwich Union, a pub located adjacent to our Richard the First. In the short-term, this provides additional external trading space for the summer months before we pursue a larger scheme to combine the internal trading areas, subject to planning. We continue to explore further acquisition opportunities that will enhance our estate.

There are many reasons to harbour optimism for the year ahead. Following a period during which everyone has found their opportunities for social interaction and celebration significantly lacking, we know there is going to be a huge pent-up demand for special events, whether it be big birthday bashes, weddings or Christmas parties. People have missed these major life events in which the pub plays a significant role, and we have missed hosting them. We will also benefit from our exciting acquisitions from last year, including the five pubs in and around southwest London and Surrey that we purchased late in March 2020 and which have not yet been able to trade fully for any real period of time. Additionally, there are the recent major developments which have not yet had the opportunity to perform such as the Dog and Fox (Wimbledon Village) and the investments in all the Redcomb pubs. This gives us great reason to look forward with optimism.


We are confident with the steps taken to ensure Young's continues to be in a position of strength. April has started better than planned, with future bookings also looking positive. There is potential for a good recovery this summer and we believe that our strategy of running a differentiated, premium and well-invested pub estate will underpin the future success of Young's.

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Patrick Dardis
Chief Executive

19 May 2021



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“There are many reasons to harbour optimism for the year ahead. Following a period during which everyone has found their opportunities for social interaction and celebration significantly lacking, we know there is going to be a huge pent-up demand.”

Our strategy

How we grow

We grow through 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. Much goes back into our existing estate in the form of transformational developments and maintenance to the high standard our customers expect. In carrying out developments, we look to improve current trading area efficiencies and increase each pub's trading space; the latter can see upper parts converted into accommodation, function rooms and rooftop bars; basements become cocktail bars and outdoor spaces turned into beautiful gardens with Burger Shacks.

We invest in hand-picked acquisitions

We also 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. Through our experience and expertise, we assess what we believe an acquisition can realistically achieve; what it may currently be doing is often less relevant.

Our business model

How we create value

We run a predominantly freehold estate

We believe freehold assets give us greater control and opportunities within our business, whether this is, for example, insulating us against potential rent increases or providing us with greater freedom to do up and improve our pubs. A predominantly freehold backed estate also enables us to negotiate better terms with lenders, whilst allowing us to also benefit from increases in property values.

We focus on differentiated, premium, drink-led pubs

Within our managed segment, we operate differentiated, premium, mostly drink-led pubs in London and southern England. Our locations are mainly in areas that have a high proportion of affluent and discerning customers derived through a mixture of residential, leisure and work where our premium product offerings are greater suited.

Revenue mix

Usually our revenue mix is 65% drink, 30% food and 5% accommodation. Although food is an important part of our offer, we run pubs, not restaurants, which can be more labour intensive. Our drink-led offer is supported by our locations which are often within walking distances of public transport links.

We are a people business

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

Our individually-tailored development programmes allow people at every level in our business to explore opportunities and we encourage the entrepreneurial spirit that has ensured our place as industry leaders. Entrepreneurs can be a rare commodity in the hospitality industry and getting the right fit for both parties can be a challenge as well as time consuming and expensive. Promoting our internally developed talent pool therefore ensures our future leaders know who we are and what we stand for, giving us and our teams a head start in growing our business and increasing our productivity.

We run a small quality tenanted estate

We also run a small quality tenanted estate which extends our reach into other geographical areas. Our tenanted estate allows us to work in partnership with engaging entrepreneurs to run sustainable businesses. Tenanted pubs are less labour intensive than managed houses, increase our buying power with suppliers and are cash generative. They also allow us to acquire freehold pubs with tenants in situ that we can service through our tenanted operation and, when the time is right for both parties, transfer these pubs into our managed estate.

We use our combined buying power

We use the combined buying power of our managed and tenanted estates to source the best products for the best prices from a small number of suppliers – we buy predominantly British produce, supporting the local communities we operate in. Although the suppliers we use stretch across the estate, our general managers are given the freedom and flexibility within guidelines to run the pubs to best fit and contribute to the communities in which they reside. This individuality is supported by the uniqueness of the pub designs which don't follow a particular format or concept but have a welcoming, cosy theme to offer our customers that home-away-from-home feel.

The circled numbers refer to Principal risks and uncertainties on pages 26 to 29.

Together at Young's with the Bruen-Guerrero family for Sunday lunch in the garden

John and Monica, along with their children Liam, Sean and Ane, and their family dog, Tiger, have missed the social aspect of visiting their local Young's pub for Sunday lunch.

The welcoming and friendly atmosphere make it the perfect place to bring the family, and enjoy our wonderful food and drink.

“We love feeling welcome and homely outside our home, celebrating special moments or talking to other guests.”

IMAGE REMOVED

Key Performance Indicators

We measure the development, performance and position of our business against a number of key indicators. The reference to an “adjusted” item means that 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 total group revenue, including both our managed and tenanted business.



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.



RevPAR £

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



Adjusted EBITDA £m

This is our earnings before interest, taxes, depreciation and amortisation adjusted to exclude any exceptional items for the group. (See notes 10 and 11).



Adjusted (loss)/profit before tax £m

This is our (loss)/profit before tax on continuing operations only, adjusted to exclude any exceptional items for the group. (See notes 10 and 11).



Adjusted (loss)/earnings per share (p)

This is our adjusted (loss)/profit before tax, but after tax has been deducted, divided by the weighted average number of ordinary shares in issue. (See notes 11 and 16).



Gearing %

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



Interest cover (times)

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



Recycling (tonnes)

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



Together at Young's with Kate, Ben and Max We are all so excited to welcome back our guests

Our collection of 30 hotels are found across the south of England, from London to the idyllic coasts of Devon and Dorset. Whether it's a country escape, a stay by the coast or a city break, there's something to match every mood or occasion.

By offering a mixture of traditional charm, character and fantastic hospitality, our hotels have the unique attraction of being within a traditional pub, complete with a range of award-winning drinks and superb food.

“Our hotel is at the heart of the local community. We have many regular guests and are looking forward to welcoming them back.”

IMAGE REMOVED

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**)

CHART REMOVED

Section 172(1) statement

Customers

Why?

The company's biggest source of revenue is from customers in the group's managed houses (96.0% of total company revenue), with drink sales being 59.4% of managed house revenue, food being 37.5%, provision of accommodation being 2.9% and other income 0.2%. 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 27.

How?

See the *Engagement with suppliers, customers and others in a business relationship with the company* section within the directors' report, starting on page 71.

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 71.

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 Riverside 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 a 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 28.

How?

See the *Employee engagement* section within the directors' report, starting on page 69.

Outcomes and actions

See the *Employee engagement* section within the directors' report, starting on page 69 and *Furloughing of staff* on page 21.

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 7% of its suppliers. See also principal risk/uncertainties 4 and 8 on pages 27 and 28.

How?

See the *Engagement with suppliers, customers and others in a business relationship with the company* section within the directors' report, starting on page 71.

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 71 and *Extension of two key drink supply agreements* on page 22.

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 28.

How?

See the *Shareholder relations* section within the corporate governance report, on page 59, 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. See also *Equity issue* on page 23.

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 28.

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. Discussions between them and the company focussed on the strengthening of the company's liquidity position, the replacing of certain of the company's financial covenant tests with an available liquidity test and the amendment or waiver of certain provisions in the company's borrowing facilities, all as a result of the impact of the coronavirus pandemic. See also *Liquidity position: strengthening* on page 22.

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 Ltd, 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 27.

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 a revised statement of investment principles (reflecting, in part, new regulations on stewardship and governance matters), 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). In light of the ongoing impact of the pandemic, the trustee chose to defer its request for a discretionary increase for the year starting 1 April 2021. 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 benefitted from funding savings resulting from liability management initiatives.

Ram Pub Company tenants

Why?

The Ram Pub Company tenants are the company's second biggest source of revenue (3.6% of total company revenue). This revenue is derived from rents paid by the tenants (who lease or sublease pubs owned or leased by the company) and from company sales of drink to them; lower revenue could lead to lower profits. Albeit the tenants run the pubs for their own account, they are nevertheless associated with Young's; their operations therefore reflect on the Young's name and reputation. The Ram Pub Company helps increase the company's buying power with suppliers, is cash generative and allows the company to acquire freehold pubs with tenants in situ pending their transfer to the managed estate when the time is right for the tenant to leave and for the company to take over.

How?

During the period, engagement with the tenants tended to be on an individual basis, with additional centralised communications coming out from time to time, largely concerning changes in trading restrictions brought about by tiered arrangements imposed as a result of the pandemic. Cyclical business reviews continued with tenants during the periods they were permitted to trade. In light of the pandemic, the company's yearly forum (which historically has enabled the company and its tenants to share views and best practice) had to be cancelled.

Outcomes and actions

Almost exclusively, the sole discussion topic with tenants concerned the survival of their businesses in light of the national lockdowns and the introduction of tiers and other restrictive trading arrangements. Throughout the periods of lockdown, the company provided varying degrees of rent holidays to the vast majority of its tenants. For December (when the second national lockdown had ended and tiered restrictions were in place), the company continued to provide a rent holiday to most of its tenants in recognition of the reduced governmental support on offer: a 'one-off' grant of £1,000 to compensate the tenants for the trading impact of the tiered restrictions in what was traditionally their busiest trading month. Throughout the period, the company assisted tenants to claim government grants, rates relief and credits for wasted beer. Together, these actions saw the estate remaining fully let and a tenant community that felt supported and ready to reopen once post-lockdown trading was permitted. In a couple of instances, the decision was taken to exit from the pub: this resulted in the sale of the Horse Pond Inn (Castle Cary) and the Grove House (Camberwell). The pandemic impacted on the development programme for the estate, with many intended investments having to be postponed until more certain trading conditions returned. However, the Rising Sun (Epsom) did reopen after a long period of closure, with a fresh new look and new tenants, and the Pig & Whistle (Wandsworth) underwent a kitchen investment whilst the pub remained closed.

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 coronavirus pandemic

In addition to what is set out in this statement, the strategic report (on pages 1 to 42) and the *Employee engagement* section within the directors' report, starting on page 69, provide further detail on various decisions and actions taken by the company in light of the pandemic.

Approval of capital and revenue budget for FY2021/22

The capital and revenue budget for FY2021/22 was approved by the board in March. In doing this, the board acknowledged that the business remained in uncertain times despite the Government's roadmap to the easing of lockdown restrictions and that the business would face a considerable number of unknowns as and when it reopens and could be readily impacted by, amongst other things, consumer confidence and a significant reduction in consumer spend. Subject to that, and in the expectation that business will eventually 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: deferral of retirement from office by one year; Ian McHoul: invited to serve a second three-year term; Trish Corzine: accepted her wish to step down at end of her second three-year term; and Torquil Sligo-Young: invited to remain on the board as a non-executive director

In agreeing to defer Roger's retirement from office by one year (to the end of July 2021), the board recognised the challenges then facing the company in light of covid-19, and felt it was important to retain on the board the additional strength, balance, financial acumen and capital markets experience he provided. With non-executive directors being typically expected to serve two three-year terms, Ian was invited to stay for a second term (through to 23 January 2024) and the board accepted Trish's wish to step down (in January 2021). Rather than lose Torquil from the board (at the end of September 2020 when he wanted to step down from his executive role in the company) and miss out on the important family liaison role played by him, and possibly also be deprived of his chairmanship of the trustee company that manages the company's final salary pension scheme, he was invited to stay on as a non-executive director. Implicit in the decisions relating to Roger, Ian and Torquil was the board's belief that they were independent in character and judgement, made an effective and valuable contribution to the board, had demonstrated commitment to their roles and were able to give sufficient time to the company. Further, inherent in all four decisions was the balance between executive and non-executive directors, there being at least two independent non-executive directors, 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, throughout the period, to access the Coronavirus Job Retention Scheme, principally with a view to keeping as many members of staff employed as possible in circumstances where their place of work had been ordered to be closed by the Government. As a result, HMRC reimbursed 80% of the basic pay, up to £2,500 per month, of those individuals who would otherwise have been laid off during the crisis. These individuals, known as 'furloughed workers', were kept on the group's payroll but they stopped working. During the period, the vast majority of the group's employees (including over 4,500 weekly and monthly paid staff in the group's pubs) were designated as furloughed workers at some time. Recognising that Young's would be nothing without its people, the board agreed that the group would, on top of the monies received from the Government, fund the pay of all its furloughed workers whose annual basic salary was more than £37,500 so that they would continue to receive 80% of their normal pay.

How we have engaged with our stakeholders

Section 172(1) statement *continued*

Extension of two key drink supply agreements

The drink supply arrangements with Marston's were updated, partly reflecting the creation of Marston's Beer Company Limited, a wholly owned subsidiary of Carlsberg Marston's Brewing Company Limited, and the increased volume of drink supplied on a portered basis rather than wholesale. The new arrangement has an initial fixed term running until the end of May 2022; it is then terminable by either party giving not less than two years' notice. It is also terminable early (including, during the initial term) in certain limited circumstances. The wine and spirits supply agreement with Berkmann Wine Cellars, originally entered into in 2016, was also extended; it now runs until the end of 2023 and is likewise terminable early in certain limited circumstances.

Interim dividend and final dividend in respect of FY2020/21

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. Despite this, the board decided in May 2020 that the company would not be paying an interim dividend for the period in light of, amongst other things, the then ongoing closure of the company's pubs and the then expected lower levels of trade when they reopened. Given the extensive period of closure of the company's pubs following further waves of the pandemic and the then expected lower levels of trade in April - June 2021, the board decided that the company would not be paying any dividend for the period. The board intends resuming dividend payments as soon as is appropriate, but no decisions have been made about when that will be. The company has, however, agreed with NatWest and its noteholders that any dividend payments during the company's financial year that started on 30 March 2021 will not exceed £5.0 million in aggregate, but there is no restriction on the company recommending a final dividend with its results for that year, payable in the following financial year, as normal.

Liquidity position: strengthening

In the first quarter of the period, the company strengthened its liquidity position; this was to help secure the group's business and was prompted by the outbreak of the pandemic and the ensuing forced closure of the group's pub estate, which was then expected to have significant impact on the company's revenue, balance sheet and plans. Amongst other things, the company:

- successfully negotiated with its existing lender group to replace the company's financial covenant tests at June, September and December 2020 and at March 2021 with an additional monthly £20.0 million available liquidity test through to and including June 2021, and also got agreement from that group to the waiver of any technical 'cessation of business' breach resulting from the group's pubs being closed due to the coronavirus pandemic. By the end of the period, further waivers had been obtained and the lending group had agreed to extend the company's monthly available liquidity test up to and including March 2022, with a headroom requirement of £25.0 million;
- established a euro-commercial paper programme and issued £30.0 million in commercial paper (with a 364-day maturity date) under the Covid Corporate Financing Facility; the company repaid this amount from existing facilities in May 2021;
- entered into a new £50.0 million syndicated term loan facility with NatWest and HSBC; this five-year facility was drawn immediately to repay in full the £50.0 million syndicated facility with RBS and Barclays that was due to expire in March 2021;
- entered into a new £20.0 million bilateral revolving credit facility with NatWest. This facility had an initial 12-month maturity, with the company having the option to request extensions of the maturity to make it an 18- or 24-month facility. The intention was to leave the facility undrawn and retain it as available liquidity to help the company meet the liquidity test referred to above. The facility has been extended for six months through to the end of November 2021; and
- raised capital through an equity issue – see *Equity issue* on page 23.

As a result of these actions (and exclusive of the company's £10.0 million overdraft with HSBC), the company has in place at the date of this report £255.0 million of committed available facilities (inclusive of the £25.0 million required to meet the available liquidity test referred to above).

Equity issue

In June, the company proceeded with a placing of new A shares and new non-voting shares. The purpose behind the fundraising was to provide the company with the financial flexibility to drive its continued success and faster growth, including allowing it to restart investments in its estate, strengthen its balance sheet and pursue opportunistic acquisitions. The placing was conducted through an accelerated bookbuild and involved a cashbox structure, something of which various City bodies were supportive in the extraordinary times created by the pandemic. To provide retail investors with an opportunity to participate in the equity fundraising alongside institutional investors, the board decided that the company should also offer new A shares on the PrimaryBid platform. The equity issue was completed successfully and saw the company raise gross proceeds of c. £88.4 million - this included c. £234,000 received from private subscriptions for new shares made by some of the company's directors (and/or persons closely associated with them). The shares issued represented in aggregate approximately 19.2 per cent of the total existing issued ordinary share capital of the company prior to the placing.

Disposals of the Horse Pond Inn (Castle Cary) and the Grove House (Camberwell), and the surrender of the lease of the Surprise (Chelsea)

During the period, the company agreed to sell the Horse Pond Inn (Castle Cary) (for £375,000) and the Grove House (Camberwell) (for £1,175,000); the former completed during the period and the latter shortly after the period end. These were tenancies falling within the Ram Pub Company, 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. The company chose to surrender, at the end of its term, the lease of the Surprise (Chelsea), a pub within the company's managed estate. As a result, five members of staff were transferred to other pubs in the managed estate, seven members of staff were made redundant, and one member of staff resigned. The Surprise was only marginally profitable and the opportunity to have a 'clean' exit from the lease was compelling.

Welcoming back all our teams who've kept us going and made us proud

While our pubs remained shut during each lockdown, we missed our friends and colleagues greatly. Nevertheless, we were able to maintain close contact and keep everyone up to date using the 'Keeping in touch at Young's' Facebook page. Here are just a few of the many wonderful achievements over the past year.

Andrew and Lizzie at the Hand in Hand (right)

General manager Andrew, his deputy Christine and head chef Lizzie have been busy supporting the Riding for the Disabled Association. In addition to volunteering they helped raise funds to save the endangered stables in Teddington by hosting a marquee stocked with homemade pies at a local fete and running the virtual marathon in October.

IMAGE REMOVED

IMAGE REMOVED

Anna at the Dolphin feeding local children (right)

Anna and the team supported their local community and by offering complimentary children's packed lunches during the October half-term.

Connal from the Dukes Head (above)

Connal at the Dukes Head Hotel in Wallington, helped support vulnerable local residents with freshly prepared meals.

IMAGE REMOVED

IMAGE REMOVED

IMAGE REMOVED

Niamh from Riverside House (left)

Niamh from head office has volunteered as a crisis response volunteer at Imperial College Healthcare NHS Trust Charity, since last April. She has also been actively encouraging other members of the Young's community to help with the vaccine rollout and other roles on the 'Keeping in touch at Young's' Facebook page.

IMAGE REMOVED

Robert from the Waverly (above)

Robert gifted food and other supplies to a local children's hospice, Chestnut Tree House, in Bognor Regis.

Our chef Perry at Smith's of Smithfield (below)

Perry graced the exterior walls of the Flannels store on Oxford Street as part of the incredible Made You Look project. This was a visual celebration of talented black chefs throughout the hospitality industry while also being an invitation to look beyond the portraits per se, to discover the fascinating stories behind each individual.

Vikki helping local people in crisis (right)

Vikki from the Park hotel in Teddington joined her daughter Hattie to collect donations for the Shoreham Food Bank to support the local community.

Mick and Sarah from the Alexandra (below right)

Proudly supporting our NHS heroes.

IMAGE REMOVED

IMAGE REMOVED

IMAGE REMOVED

Greyhound hotel in Carshalton offered accommodation to those in need (right)

The Greyhound hotel continued their long-standing support for the Royal Marsden Hospital by offering rooms to cancer patients while undergoing trial treatment during the second lockdown. This latest initiative built on a tradition of support that has included hosting summer fundraisers, quizzes, raffles, volunteering, and even a Christmas wishing tree in the Greyhound garden.

IMAGE REMOVED

A minute's silence with Marie Curie

On the first anniversary of the first UK lockdown, 23 March, many of our colleagues joined the Marie Curie charity's initiative of lighting up their homes and holding a minute's silence. Together, we reflected on our collective loss during the pandemic, celebrated the lives of the special people no longer with us, and focussed on the need to support those who have been bereaved.

“Thank you...very much for the kindness. It is so appreciated and we can't thank you both enough.”

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 25 starting on page 113.

	Risk/uncertainty	Potential impact	Mitigation	Change in risk/uncertainty
Major external event leading to widespread pub closures and/or a huge decline in demand	<p>1. An example of this is the spread of a disease - recent and current experience has shown the potential for something like this to have far-reaching and unexpected consequences for our business. As the coronavirus pandemic has spread around the globe in the last 18 months, some of these consequences became apparent and resulted in a very material and unforeseeable impact on our business.</p>	<p>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.</p> <p>For the actual impact on our business during the period of the spread of the coronavirus, see elsewhere within this strategic report.</p>	<p>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. Examples of the risk/uncertainty that could flow from a major external event leading to widespread pub closures and/or a huge decline in demand, and therefore what we might possibly do to mitigate its effect, are set out below. The ongoing 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.</p>	
	<p>2. Our revenue is derived from our managed and tenanted pub estate. The Government has issued its roadmap to reopening the hospitality sector after lockdown 3: on 12 April, pubs with outdoor trading space were allowed to reopen; not earlier than 17 May, indoor trading will be allowed, and not earlier than 21 June, remaining trading restrictions will drop away. There remains an inherent risk with a potential delay in the timings of the roadmap, or indeed, social distancing restrictions remaining in place far longer than anticipated or planned.</p>	<p>Whilst restrictive measures remain in place, we will have reduced revenue from our managed houses and tenancies. Delays in the Government's roadmap could lead to further reduced revenues, resulting in lower-than-expected profits.</p>	<p>Our strong balance sheet and excellent teams enable our strategy of operating a diverse premium, well-invested pub estate – see 3 below – and allow us to rise to challenges thrown our way. As an example, the Government's social distancing restrictions and reopening roadmap limited initial trading to outdoor space only. Therefore, ahead of the autumn, we introduced or added cabins, stunning stretch tents and heaters to many of our pubs, creating a safe and amazing environment for our customers to enjoy. This investment is and will continue to be supported by our enhanced Young's on Tap app and improved customer booking journey, ensuring we are able to make the most of our available space. On 12 April, 144 of our pubs with outside space reopened; our plan is to have all our pubs open on 17 May. If there is a delay in the Government's reopening roadmap or certain restrictions remain in place for longer, we will adapt our ways of operating, maximise the available trading space and ultimately seek to limit impact on profitability.</p>	

	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 economy, the weather, fears of terrorist activity 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.	
	4. Various factors may result in the amount we pay for our key supplies (including food, drink, gas and electricity) and labour being increased. Following on from the Government's introduction of the National Living Wage, the hourly rate was increased by 2.2% to £8.91 (from £8.72) with effect from 1 April 2021 (for those aged 23 and over), with annual stepped increases, announced each year, to follow. 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.	
Financial	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.	

Principal risks and uncertainties continued

	Risk/uncertainty	Potential impact	Mitigation	Change in risk/uncertainty
Financial	<p>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.</p>	<p>Our ability to trade as a going concern depends on us generating sufficient cash to meet these repayments.</p>	<p>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.</p>	
Operations	<p>8. We rely on a number of key suppliers to provide our pubs and hotels with food and drink.</p> <p>9. We, and particularly our managed estate, 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-attacks.</p> <p>10. We are dependent on having the right people throughout our organisation: at all our pubs and hotels and also at Riverside House. See also 13.</p> <p>11. Part of our growth plan is based on acquiring and/or developing additional pubs and hotels/rooms.</p>	<p>Supply disruption could affect customer satisfaction, leading to a reduction in our revenue which could result in lower profits and growth rates.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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 Riverside House or to our systems. The IT needs of the business are regularly monitored, and we invest in new technology and services as necessary.</p> <p>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. We also have an active and progressive internal training programme that is developing our own talent pool for the future.</p> <p>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.</p>	

	Risk/uncertainty	Potential impact	Mitigation	Change in risk/uncertainty
Regulation	<p>12. We are required to meet a range of ever-increasing compliance, regulatory and health and safety obligations in the operation of our business.</p>	<p>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.</p>	<p>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.</p>	
Brexit	<p>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.</p>	<p>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.</p>	<p>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 on a daily basis 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; this is expected to help mitigate staffing issues should certain of the group's EU staff be forced to leave the UK due to them not obtaining pre-settled status or indefinite leave to remain status, albeit we are looking to support them to stay in the UK. See also 4 and 10.</p>	

Building a more sustainable Young's Our approach to ESG

Custodians of our proud heritage: we are taking steps today to protect our planet and make a positive impact on those in our pub estate, supply chain and communities.

IMAGE REMOVED

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.

IMAGE REMOVED

IMAGE REMOVED

Community

- 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.

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.

People

As we welcome back our colleagues and customers, we are as passionate as ever to build on our long-standing commitments to our people, community and environment.

Health and wellbeing

Against the backdrop of the past year, the company's long-standing wellness project that puts physical, mental and financial wellbeing at its heart was tested, but effective. Key cornerstones of this initiative are the offer of fully-funded counselling at no cost to the employee and our partnership with Salary Finance which provides support in the form of loans, savings projects, and free financial support and advice.

For a substantial portion of our year, and in keeping with the rules of the Coronavirus Job Retention Scheme, many of our team were on furlough pay which was based on 80% of their basic pay, without taking into account the tips and gratuities that boost their normal income. In recognising the impact of their reduced pay, we encouraged staff to use their holiday pay to boost their earnings as well as directing employees to the financial support available through Salary Finance and the Licensed Trade Charity, who provided financial grants of more than £4,500 to our team members during the period.

Having worked hard to build a team of mental health first aiders, mental health first aid champions and supporters across the business, we were able to understand and offer support to our teams remotely. With powerful communication channels, we were able to keep in touch with all our teams and signpost for help where and when it was most needed. Our fully-funded counselling at no cost to the employee continued, albeit using electronic means rather than in person.

All employees, whether at work or on furlough, were encouraged to access mental health training provided by the Licensed Trade Charity. There were several employees who successfully completed the Level 2 Certificate in Understanding Mental Health First Aid and Mental Health Advocacy in the Workplace through the distance learning unit of Milton Keynes College.

Our social media channels echoed this support infrastructure, notably in the form of the closed Facebook page, Keeping in Touch at Young's. This allowed us to feature regular videos from Patrick Dardis, share resources, engage in national initiatives such as clapping for the NHS, and circulate regular editions of our internal newsletter, the Ram Pages, which was tailored to reflect the fact that most team members were not working.

“Our people are, and always have been, our greatest asset. In the face of the unprecedented challenges posed during the last year, we continued and strengthened our commitment to our team of over 4,000.”

IMAGE REMOVED

Together at Young's... We continue to engage with our employees about their mental health through our Mental Health First Aiders scheme.

People continued

4,185

employees

(2020: 5,145)

85%

of our general manager
vacancies were filled internally

(2020: 72%)

Engagement and empowerment

Against the challenges heralded by temporary closure, we made great efforts to include all employees in the latest developments regarding the business throughout the year. In addition to the Keeping in Touch at Young's Facebook page, regular team communications were shared via WhatsApp groups and "check in" calls from line managers to staff who were away from the business. Patrick Dardis also invited all general managers and employees based at Riverside House to attend an interactive presentation of the company's results via Zoom and answered any questions that were submitted. During periods of normal operation, the Information and Consultation Committee met to provide a formalised communication cascade channel.

The board has always taken a strong interest in supporting all employees to fulfil their career ambitions. Our training and development programmes will continue to be the lynchpin of our business, supporting people as they progress on their career pathway, or enhancing their knowledge and personal understanding to be more confident in their role. We took the opportunity to refresh and evolve our internal development programmes so that we were able to continue training, even with the covid-19 restrictions in place.

Diversity and inclusion

As noted on page 70 of our *corporate governance report* and our separately published Gender Pay Gap Report, the importance of diversity, including gender balance, 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 regardless of the applicants' sex, race, ethnic origin, disability, sexual orientation, religion or belief, marital status or age. We were pleased to report that our furlough-adjusted mean gender pay gap of 10.9% remains substantially better than the national average of 15.5%.

Our pro-active flexible working policy and use of the furlough scheme allowed us to retain and support employees to manage the impact of covid-19 on childcare, shielding and normal work arrangements.

Our commitment to diversity and inclusion starts on our induction programme and is a key element of the manager training course. During the year, we were immensely proud of Perry from Smith's of Smithfield who featured in the Made You Look project, a visual celebration of talented black chefs at all levels who work in the country's best restaurants.

IMAGE REMOVED

Together at Young's... Our commitment to diversity and inclusion starts on our induction programme and is a key element of the manager training course. We were pleased to report that our furlough-adjusted mean gender pay gap of 10.9% remains substantially better than the national average of 15.5%.

Community

We care deeply about our customers and the communities in which they reside. Where possible, we look to maximise our positive externalities by supporting local charities and businesses.

Charity

At the start of the period, as detailed on page 3, our pubs rose to the challenge of supporting our communities by donating meals to individual charities, the NHS and other key workers, while doing our utmost to prevent the waste of perishables. Elsewhere, it was fantastic to be able to offer free accommodation to patients of the Royal Marsden NGS Foundation Trust who were receiving treatment during the second national lockdown.

This desire to give back to our community has long been integral to our identity. As the covid-19 pandemic resides, we look forward to once more engaging in myriad charitable initiatives focussed around our third month-long collective fundraising effort in October where we will stage a range of events across our pubs and Riverside House to support both local and national charities.

IMAGE REMOVED

Customers

Looking after our customers lies at the heart of everything we do. Our focus on responsibly sourced, seasonal and local British produce lends itself to nutrient dense food that tastes delicious. One of our latest openings, Alban's Well, exemplifies this with its championing of underutilised, ethically sourced, local, plant-based ingredients. Elsewhere, our enthusiastic adoption of more plant-based options in our menus throughout our estate is embodied in our updated Burger Shack menu that includes the 'Classic Plant' burger patty, and vegan 'CHKN katsu' fillets. Likewise at the bar, while ensuring a diversity of choice that includes original recipes, we have undertaken robust initiatives to offer low and zero ABV spirits and beers as well as low and zero sugar soft drinks throughout our estate.

The stop-start nature of the last year drew 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 hosting the local farmers market at the Red Barn in Blindley Heath or combatting loneliness through the Alexandra's Meetup Mondays. Our team continued to play their part in the community during lockdown. For example, in an effort to keep engaging with the local community of quiz-going regulars, the Alexandra's Mick hosted a weekly, free, interactive quiz using his personal Twitter account during the periods of lockdown. This soon grew to include national participants and reached far beyond his original audience of regulars who attended the weekly quiz at the pub.

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. Looking back on the last few years makes us as excited as ever to serve our communities once more.

Together at Young's... Mick and Sarah from the Alexandra (Wimbledon) were proud recipients of the Merton Mayor's award for their contribution to helping others during the pandemic.

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, to Paul Rhodes, our new artisan baked goods supplier in Greenwich, or our amazing heritage tomatoes sourced from Nutbourne Nurseries.

The challenges posed by the past year have put an acute strain on the entire hospitality supply chain and – with this in mind – we are proud to have always done our best to ensure suppliers received payments in a timely manner for the wonderful produce they provide.

Environment

The closure of many of our sites allowed us to reflect further on our impact on the environment. Looking back on our efforts in recent years we can see how far we have come in reducing average emissions and waste per site.

Reduce

In 2017, we eliminated all waste to landfill and have repeated this feat every year since.

Elsewhere, as part of the exciting new developments listed on pages 8 and 9, we have adopted the use of waterless urinals. While eliminating odours and reducing costs, the crucial role of this newly adopted technology is the ability to save, on average, 100,000 litres of waste water per urinal per year.

Reuse

Where it is not feasible to reduce waste, we have looked to reuse items throughout our supply chain. Building on our removal of plastic straws with biodegradable alternatives in 2018 and 'simply cups scheme' in 2019, we looked to circumvent the practice of single use pint glasses in our gardens by purchasing stock of washable, shatter-proof substitutes that can be used up to 100 times.

Recycle

In recent years, we have doubled down our efforts at recycling waste that can neither be reduced nor reused. From a base of 48% in 2012, we have consistently recycled over 68% of our waste over the last four years. The impact of intermittent closures over the past year meant both overall collected waste and recycled waste volumes declined by over 40%, but we limited the percentage fall in waste recycled to 1.4%. We look forward to picking up where we left off, to educate and enact the best waste management system we can.

For many years now, we have been collaborating with our operational partner, Olleco, on the successful initiative of recycling used cooking fat for use in biofuel. Up until our covid-19 induced closure in March 2020, uptake improved every year to reach an annual total of 355,605 litres.

Emissions

Together with our customers, we are passionate about reducing our emissions and have therefore signed up to be part of the Zero Carbon Forum ("ZCF") in 2021. This will enable us to collaborate on best practice within the hospitality industry, from the identification of carbon intensive practices to producing a clear road map to zero emissions.

We have a long tradition of carbon saving initiatives and energy efficiencies throughout our estate as detailed in our *SECR disclosures* starting on page 70. With every refurbishment, we implement energy saving technologies targeting scope 1 and 2 emissions including, but not limited to:

- our Building Management System which reduces human error in the control of our heating, cooling, lighting, refrigeration, and coffee machines;
- energy saving Envirostart and Eco Flo technology for our refrigeration and cooling equipment;
- cellar management and Cheetah extraction systems aimed at reducing energy consumption in our cellars and kitchens respectively; and
- all company car purchases for our pub teams and support functions mandated to be either hybrid or electric.

While ensuring all new investments adhere to the latest energy saving technologies, every year we survey several of our existing sites as part of ESOS ("Energy Saving Opportunity Scheme") to identify areas of improvement in our pre-existing infrastructure.

Going forward, we have ambitious plans to put yet more downward pressure on our scope 3 emissions, recognising both our influence and our wish to be consistent in all our activities. We are especially excited to trial the installation of the first of our EV charging points at pubs in the autumn, allowing customers to reliably charge their cars while enjoying their Sunday lunch or mid-week catch up with friends.

Our locally sourced, fresh British produce naturally lends itself towards a lower transportation footprint and to high environmental standards. We have also worked closely with our supplier network this year to reduce the number of deliveries where possible. Whenever dealing with any new supplier we ensure that their commitment to the environment is in line with our values.

8,430

tCO₂e Emissions*

(2020: 16,974)

Produce

Lastly, we are excited to resume service of our famed, best in class, seasonal, British food and drink. It is no coincidence that ingredients produced in a sustainable way also tend to be the most delicious. In 2020, as part of our membership of the Sustainable Restaurant Association, we were awarded a best in class three-star rating. In the same year, it was also pleasing to see us nominated in two award categories: 'Celebrate Local and Seasonal' and 'Source Fish Responsibly' while also featuring in the top 20 of sustainable businesses in their 'Food Made Good Business of the Year' category.

IMAGE REMOVED

4,351 tonnes

Waste recycled

(2020: 7,458 tonnes)

In summary

The period of closure has allowed us to reflect on the many ESG initiatives we have in play at present, while exciting us to go further than ever before as we look forward to the year ahead. Together at Young's, we care deeply about our communities, people and environment and look forward to giving back in the most sustainable and effective way possible. We cannot wait to serve you once more.

“Our locally sourced, fresh British produce naturally lends itself towards a lower transportation footprint and high environmental standards. We work closely with our suppliers to reduce the number of deliveries where possible and ensure they share our values and commitment to the environment.”

* total of scope 1 and scope 2 emissions

Together at Young's The Burger Shack is back!

The Shack is back with our newly developed menu of jaw-dropping burgers, hot dogs, and sides across our many garden huts, tents and garden spaces. We believe in juicy patties, squidgy buns and chin-dribbling sauce, and that's what you'll get every time you bite into one. Our tasty new plant-based alternatives complement our menus to provide something for everyone. Bring on the napkins!

“After breathing new life into the brand, we launched the new menu with greater variety and unique ‘Shack Session’ beers.”

IMAGE REMOVED

Business and financial review

£87.0m

Managed revenue

£19.2m

Managed operating loss

Managed houses

In one of the most unique years in our 189-year history, we began and ended the period with all our pubs closed to the public. Over the course of the year, there were only 17 full weeks of trade possible and for the majority of our managed houses they have remained shut since Christmas. As a result, total managed revenue is down by 70.9% to £87.0 million.

After the necessary closure of our pubs in late March, it was not until 20 July, following a 16-week lockdown, when we decided to reopen and trade all our 205 managed houses, setting the tone that 'Young's was open for business'. The delay allowed us to put in place all the necessary covid-19 safety protocols without compromising on the great Young's pub experience. Our managers had the time to thoroughly retrain our returning teams, dust away any cobwebs from the shuttered summer months and prepare our wonderful pubs ready to welcome back our loyal customers.

After a slow start, customer confidence improved as the appetite grew to show support for their local. In August, we benefitted from the Government funded "Eat Out to Help Out" campaign, serving over 370,000 customers, which was a huge boost in driving footfall through the early midweek days, with diners attracted by the headline 50% discount. Food sales driven by the campaign traded ahead of the prior year on a like-for-like basis as our head chefs sought to entice customers to trade up with a wonderful selection of premium dishes such as 'posh surf & turf', rack of Dorset lamb and beef Wellington on offer to share. Supported by some glorious summer weather, we were able to make the most of our generous outdoor trading areas, and total sales for the month were at approximately 90% of last year on a like-for-like basis.

From September, the Government introduced restrictions on group numbers, required full table service and face coverings to be worn by staff and customers, and imposed a 10pm curfew, all of which negatively affected trading to approximately 80% of last year. However, as the weather started to turn heading into October, the introduction of Tier 2 status for London affected 80% of our managed estate and limited the mixing of households inside our pubs, forcing groups of friends to meet outdoors in order to socialise. Our previous investment in external trading spaces with fabulous gardens, unique huts and iconic themed tents was perfectly placed to help provide an attractive environment for our customers. Even with the heightened restrictions, the resilience and loyalty of our customers remained strong and sales during October performed ahead of our expectations at 73% of last year.

On 5 November, all our pubs closed, initially for a four-week lockdown. Although they were allowed to reopen in December, trading was short-lived as the pandemic worsened and more pubs entered the Government's higher tier status which left them unable to stay open. Unfortunately, there was no festive excitement and by the end of the year all our pubs had closed and remained so for the rest of the period.

The costs incurred when shutting down and reopening our pubs cannot be underestimated. We faced staff costs as our teams returned to their pubs days in advance of opening the doors, unnecessary wastage of food and drink products unable to be sold or reused, as well as the time of management to ensure the process ran in an orderly fashion. Although we received support from the Government and worked hard to streamline our business during the first lockdown, it was the extensive periods of closure during the year that solely contributed to an operating loss of £19.2 million. When excluding our adjusting items, we recognised an adjusted operating loss of £18.6 million. Encouragingly, our managed operating margin was 16.1% for the August to October trading periods between the first two lockdowns.

Investment

We continue to place great value on the investment in our premium pubs, and despite the impact of the pandemic we have remained busy investing £17.0 million in our managed estate over the course of the year.

In the first months of the period, we prioritised completing projects that were paused in March, thus ensuring they were able to open only a couple of weeks later than the rest of the estate. At the Green Man (Putney), a full refurbishment which added more than 50 new covers proved to be a big success with locals, whilst the investment in existing and new bedrooms at the Seagate Hotel (Appledore), City Gate (Exeter) and the Bear Hotel (Esher) increased our hotel room stock to 688, of which 356 are now boutique.

Following a successful return to trading in the late summer, we kick-started the investment programme in our existing estate from September with projects at the Duke of Cambridge (Battersea), Duke of Wellington (Notting Hill) and the Duke on the Green (Fulham). These much-loved pubs, at the heart of their local communities, received a new lease of life as we restored traditional features in their bar and dining areas.

Ahead of the winter period and in anticipation of further prolonged periods of restrictions on internal trading and social distancing, we accelerated our garden investment plans. We invested £1.1 million adding huts, new stretch tents, furniture and heaters. In order to capitalise on the short-term

Business and financial review continued

“We invested £1.1 million adding cabins, new stretch tents, furniture and heaters ahead of winter and in anticipation of further prolonged periods of restrictions on internal trading and social distancing.”

requirement for additional external covers, we have been able to obtain temporary licences and/or convert car parking space to increase capacity, such as at the Oyster Shed (Bank) with an extra 120 covers along the riverside, and the Northcote (Clapham) where the temporary pedestrianisation of Northcote Road has been filled with tables outside the pub and has been a huge success.

With all pubs closed in the final months and with one eye on further potential growth opportunities for the coming year, we kicked off additional pub investments in January. At the Windmill Hotel (Clapham Common), internal bar and dining areas were completely revamped, including a vibrant dining space and snug lounge spaces creating cosy new seating areas. Whilst at the Oyster Shed, a further 87 covers were created by extending the first-floor mezzanine; this will come into its own when we head into autumn. In total, we completed 16 major projects, including schemes at the Bear (Esher), Cock Tavern (Fulham), Crooked Billet (Wimbledon Common), Grange (Ealing), Park (Teddington) and the One Tun (Fitzrovia).

It has been a quiet year for acquisitions, as we added just one new pub, Alban's Well. The offer focusses on sharing plates and a delicious range of drinks featuring morning coffees, craft beers and signature cocktails – the perfect place for your all-day dining experience. Following its acquisition last year, we also completed one of our most stunning recent investments at Enderby House, nestled on the Greenwich Peninsula. It boasts an array of floors and feature rooms where you can choose between the ground floor pub or the stunning terrace for perfect views over the Thames. Later in the period, we completed the acquisition of a freehold building in Stow-on-the-Wold, which, subject to planning, will add further boutique bedrooms to the Bell Inn, a countryside getaway in the Cotswolds.

During the period, we transferred three businesses from our tenanted division. The Royal Oak (Bethnal Green) is an iconic pub that has continued to trade since its transfer; it has featured on the small and big screen, and is located just yards away from East London's bustling Columbia Road Flower Market. The Spread Eagle (Wandsworth) and the Ship Inn (East Grinstead) have been closed pending planned investment in the coming year, with the Spread Eagle forming part of an exciting new boutique hotel and company head office development located in our heartland of Wandsworth.

Following our exit from the lease of the Surprise (Chelsea), we ended the period with 210 managed houses (including 30 hotels), up from 207 at the end of the same period last year.

Alongside the investment in our pubs, we are continually upgrading our technology to improve our offer and productivity. Our Young's On Tap app, which we began developing five years ago, was further improved with added functionality allowing customers to browse menus, order food and drinks to their table, and split pay their bills. The covid-19 pandemic has accelerated changes in the great British pub and the customer journey. Although previously adopted at some pubs, customers are now greeted by a friendly host upon arrival, shown to their table and asked to log personal details for track and trace. To help reduce contact further, they are also invited to download the updated Young's On Tap app which allows customers to view our menus and order a Young's classic burger, or a daily chef special alongside a post dinner cocktail, all from their phones with delivery direct to their tables. Upon reopening, the usage of the Young's On Tap app has increased, accounting for more than 40% of sales and provided another level to the premium pub experience. Our online reservation system has also been vitally important in the post-pandemic world, improving booking conversions and enabling us to maximise covers to help offset the downside from social distancing requirements.

Ram Pub Company

For our tenanted division, it has also been an extremely challenging period, with trading opportunities severely impacted by Government-imposed restrictions during the year. The closure of pubs has directly impacted on the level of beer sales but also the rental income as we have helped support our tenants through the pandemic. As a result, total revenue was £3.3 million, down from £12.1 million, resulting in an adjusted operating loss of £0.7 million, compared to an adjusted operating profit last year of £4.3 million.

Back in the summer, we were one of the first pub companies to confirm support for their tenants, with a rent holiday period dating from 16 March until the point of reopening in early July. Once restrictions were lifted, most businesses returned to normalised rent levels, however a number required continued rent concession support due to the limited personal contact permitted inside hospitality venues and the lack of opportunities for wet led pubs with limited external trading space.

Following the second lockdown in November, we supported the vast majority of our tenants with another rent holiday period, this time running until the end of the financial year. Unlike rent deferrals, this gave our tenants rent-free periods without the worry of paying this back in the future. As we work towards the full relaxation of restrictions this spring, we will continue to support them.

IMAGE REMOVED

IMAGE REMOVED

IMAGE REMOVED

IMAGE REMOVED

“More important than ever, this year has seen the value of desirable outside trading space that can be used throughout the year and not just during the summer months.”

Business and financial review continued

“We pride ourselves on operating a premium, well-invested pub estate, and even in the desperately hard times we have found ourselves in recently, it has been important to continue the investment in our managed pubs, made possible by the financing decisions taken during the summer.”

Whilst all investment in the Ram Pub Company was put on hold during the first lockdown, we were able to complete projects at the Rising Sun (Epsom) and the Watermans Arms (Richmond). Even in these unprecedented times, continued investment remains vitally important to ensure our pubs are maintained to a high standard to attract and retain the right tenants.

We continue to review our tenanted estate, exiting unfavourable leases and divesting freehold properties where we feel the pub's sustainability is in question. During the period, we exercised the break clause on the lease of the Black Cat (Catford), decided not to renew an expired lease at the Greyhound (Hendon) and sold the freehold of the Horse Pond Inn (Castle Cary). During the period, we transferred the Spread Eagle (Wandsworth), Royal Oak (Bethnal Green) and Ship Inn (East Grinstead) to our managed houses, reducing the Ram Pub Company to an estate of 63 pubs (2020: 69).

Other key areas

Property

Our balance sheet strength is underpinned by our predominantly freehold estate in many highly desirable locations. 228 of our 273 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 £773.7 million (2020: £771.1 million). The carrying value of property leases, including long leaseholds, is separately recognised as right-of-use assets in note 19. We have continued to add value through major developments to improve our existing pub values and hand-picked acquisitions, primarily focussing on freehold assets.

Each year we revalue our pub estate to reflect current market values. Again, this year we have had to consider the ongoing implications of covid-19 following on from last year's initial impact, combined with the reopening of the hospitality sector in line with the Government's roadmap. Savills, an independent and leading commercial property adviser, has revalued all our freehold properties. The valuation method used several inputs of which the sustainable level of trade of each pub was key.

In accordance with International Financial Reporting Standards, individual increases in value have been reflected in the revaluation reserve in 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.

Over the course of the last year there has been renewed optimism in the pub property market, reflected by increased

activity and property prices at pre-covid-19 levels; as a result we have seen a net upward revaluation movement of £10.8 million. This is comprised of an upward movement of £9.0 million (2020: £9.3 million downward movement) reflected in the revaluation reserve and an upward movement of £1.8 million (2020: £5.3 million downward movement) recognised as an adjusting item in the income statement.

Going concern and banking arrangements

There is now a clear pathway to the reopening of the hospitality sector. This, combined with the actions undertaken by Young's during the period, provides the confidence that Young's has sufficient liquidity to withstand any ongoing uncertainty that covid-19 brings to our business during the going concern period to June 2022, be that closure of pubs for an extended period, reduced trading hours, partial closure or general market disruption.

We have modelled a broad range of forecasts, with our base model assuming the continued reopening of our pubs and the further lifting of restrictions aligned to the Government's roadmap. The more severe scenarios include a slower build of trade in the summer months, further long periods of forced closure and reduced trade through key trading periods such as December.

Early on in the period we strengthened both our short-term and long-term liquidity position. As regards the short term, we initially accessed liquidity available to us under HM Treasury and the Bank of England's CCFF, issuing commercial paper with a nominal value of £30.0 million, and a maturity date of 13 May 2021; this has now been repaid in full, with no further funding under the CCFF received. We also entered into a new £20.0 million revolving credit facility with NatWest. We do not intend to draw on this facility, but instead retain it as available liquidity to help us meet the monthly liquidity test referred to below. This facility had an original maturity date in May 2021, with two six-month extension periods available; we have now taken the first six-month extension, moving the facility to a maturity date in November 2021. So far as the long term is concerned, we entered into a new £50.0 million facility with NatWest and HSBC. This has an original maturity date falling in May 2025. We had the option this year to request an extension of the maturity date by a further year and to do the same the following year; however, this process has been moved to start next year given the current trading environment. We drew down on this facility and repaid in full the original March 2021 £50.0 million facility with RBS and Barclays. Finally, in June 2020, the group also completed an equity issue raising gross proceeds of £88.4 million in the period (see note 30).

£17.0m

Managed house investment

£773.7m

Our estate value

During the period, the group also considered the effects of its then latest forecasts on its compliance with bank covenants, which were due to be tested each quarter on a 12-month rolling basis. In anticipation of breaches due to the impact of the pandemic, the group agreed with its lenders in May 2020 that the financial covenants would be replaced by a monthly available liquidity test. These initial covenant waivers have now been extended until the quarter ending March 2022. The waivers require the group to have £25.0 million of available liquidity at each month end until the quarter ending March 2022 and for total loan facilities not to exceed £220.0 million during the waiver period. In addition, they have waived any technical "cessation of business" breach of our banking facilities as a result of our pubs being closed due to the covid-19 pandemic through to the quarter ending June 2021.

In the base case forecast, there is significant headroom under the revised monthly available liquidity test through to March 2022 and, when covenants revert to the group's original financial covenants from March 2022 onwards, there would be significant headroom and all covenants would be fully complied with through the going concern period. However, under the more severe scenarios where our pubs may be required to close again for prolonged periods and trade might be suppressed at key times due to the reintroduction of social distancing and/or other measures, the group would still comply with revised covenants to March 2022, but on reverting to the original financial covenants for the March 2022 and June 2022 quarter end tests, certain performance-based covenants would risk being breached, therefore compliance with financial covenants beyond 12 months from these financial statements is a material uncertainty. The group remains in regular dialogue with its lenders, and should such a scenario arise, the group expects to be able to find a solution with them well in advance of March 2022.

At 29 March 2021, the group had cash in bank of £4.7 million and committed borrowing facilities of £285.0 million, of which £174.8 million was drawn down. The group expects, by the end of June 2022, to have available facilities of £235.0 million; it has already repaid the £30.0 million due under the CCFF and is not anticipating continuing with the £20.0 million RCF with NatWest beyond November 2021. In addition to these facilities, the group has a £10.0 million overdraft with HSBC, which is not committed.

IMAGE REMOVED

Together at Young's... We have continued to add value through major developments to improve our existing pub values and hand-picked acquisitions.

Retirement benefits

We have a defined benefit pension scheme which has been closed to new entrants since 2003. During the course of the year our pension deficit has decreased by £2.1 million to £6.1 million. Compared with last year, the rate of inflation has increased considerably from 2.8% to 3.3% which has heavily contributed to an £18.1 million increase in liabilities. However, this has been offset by a £19.0 million increase in the return on scheme's assets. 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 were £1.1 million in the period, the majority of which relate to the estate management of our properties. This includes the net upward movement in property revaluation of £1.8 million, as mentioned previously, and tenant compensation cost of £0.5 million, where we agreed to terminate the lease agreements early at the Royal Oak (Bethnal Green), which transferred from the Ram Pub Company last July, and in respect of an unlicensed property which will form part of the new head office development at the rear of the Spread Eagle (Wandsworth).

Business and financial review continued

Following the acquisition of five pubs in March 2020, the transfer of the business and assets of Spring Pub Company Limited in September 2020 incurred a cost of £1.4 million related to property taxes and associated professional and legal fees. This cost, foreseen at the time of acquisition, did not crystallise until the transfer was completed.

During the period, the loss on disposal of properties was £0.5 million as we exited two leases forming part of the Ram Pub Company - the Black Cat (Catford) and the Greyhound (Hendon) - and one lease in the managed business, the Surprise (Chelsea). The Horse Pond Inn (Castle Cary), a freehold pub in the Ram Pub Company, was sold for £0.4 million.

The remaining £0.5 million in adjusting items relates to costs incurred in response to covid-19 following a restructuring process of our head office function and is largely made up of severance costs.

Tax

A tax credit of £6.9 million was recognised for the year, principally due to the losses incurred. The effective tax rate was a negative 15.2% (2020: positive 33.6%) compared to the statutory rate of 19%, with the difference primarily driven by expenses not deductible for tax purposes. Further detail can be found in note 13.

The group's tax strategy for the accounting period ended 29 March 2021 has been published on the Young's website in accordance with recent 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. The covid-19 pandemic has had a significant impact on the business; however, we now have the Government's roadmap to reopening the hospitality sector, and this should enable us, once again, to deliver strong performances from our existing estate and our premium developments, focussing on both immediate and maintainable gains.

In view of the extensive period of closure of our pubs during the period and the expected lower levels of trade during the first three months of the current period, the company will not be paying any dividend for the most recent period. The board is very mindful of the importance of dividends to Young's shareholders and intends resuming dividend payments as soon as is appropriate, although no decision has been made when that will be. We have, however, agreed with NatWest and the holders of the senior secured notes that any dividend payments during FY2021/22 will not exceed £5.0 million in aggregate, but there is no restriction on the company recommending a final dividend with its results for FY2021/22, payable in the following financial year, as normal.

Following the losses incurred in the year, our adjusted loss per share was at 66.63 pence per share, compared to an adjusted earnings per share of 60.18 pence in the prior period. On an unadjusted basis, the loss per share increased to 68.23 pence.

Our 2021 strategic report, from pages 1 to 42, was approved by the board on 19 May 2021 and it was signed on behalf of the board by:

Patrick Dardis
Chief Executive

19 May 2021



Corporate Governance

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“We firmly believe that by encouraging the right way of thinking and behaving across all our people, our corporate governance culture is reinforced.”

IMAGE REMOVED

Chairman's corporate governance statement

IMAGE REMOVED

Stephen Goodyear
Chairman

“We care about running our business ethically and responsibly for the benefit of our stakeholders: therefore, in 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.”

I am pleased to present our corporate governance report which includes audit and remuneration committee reports.

It goes without saying that this year will probably go down as one of the most challenging in the company's long history, with the pandemic's initial impact in March 2020 only providing a minimal insight into what was to come. Regardless of the eventual outcome, the board continued to ensure that good governance standards were 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.

This year, following on from the first formal review that we carried out in 2018, the board undertook its second review of the effectiveness of its performance as a unit. Details of what was done, along with the agreed resulting actions, and the progress made on the actions from the 2018 review, are set out on page 58.

As previously reported, the board, in April last year, asked Roger Lambert to stay on for an additional one-year period, thus extending his period of office through to the end of this July. In view of the challenges facing the company in light of the coronavirus pandemic, it was felt important to retain on the board the additional strength, balance, financial acumen, and capital markets experience that Roger provided.

At the end of September, Torquil Sligo-Young, the company's information resources director, retired as an executive director and became a non-executive director; he also joined the company's audit and remuneration committees. I was particularly delighted that Torquil agreed to remain on the board: in doing so, he continued as chairman of the trustee company that manages our final salary pension scheme, remained as chairman of the long-established charitable trust set up by one of the founders of the business and, importantly, continued to liaise with members of the Young's family who, as major shareholders, are so supportive.

In January this year, Trish Corzine stepped down as a non-executive director when her second three-year term expired; Ian McHoul replaced her on the remuneration committee when she left. We were grateful to Trish for the insight and guidance she provided over her years on the board, including as a member of the audit and remuneration committees. We wish her well for the future.

Lastly, also in January this year, the board extended Ian McHoul's term of office through to January 2024. In deciding to do this, the board determined that Ian was independent in character and judgement, made an effective and valuable contribution to the board, demonstrated commitment to his role as a non-executive director and chairman of the audit committee, and was able to give sufficient time to Young's.

I am confident that the board is well-balanced and composed of the right individuals with the appropriate and complementary skills required to run our business, and will continue to be so after Roger Lambert steps down.

For many years, I, and my board colleagues, have been ably supported by Anthony Schroeder, our company secretary. After more than 16 years' service, he has decided to retire and will be leaving us at the end of September. I will miss his unique sense of humour and the invaluable advice, guidance and support he has provided; we wish him all the best and are grateful for the unequivocal commitment he has shown to Young's over such a long period. In preparation for Anthony's retirement, we appointed Chris Taylor as joint company secretary back at the start of April. Chris was part of our company secretariat team many years ago, after which he became the company secretary at Sky plc. We are fortunate to have found an equal successor.

The board's strategy and model to grow the business and drive shareholder value are set out on page 14. 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. This year, however, required an ongoing pandemic overlay; this saw the introduction of fortnightly board meetings during the first national lockdown (April, May and June) and the executive management throughout the year monitoring the effects of the crisis on the business and keeping abreast of the fast- and ever-changing developments (including Government-issued guidance, the introduction of local tier restrictions and the defining and redefining of tier areas). Altogether, this effectively allowed the board to adopt a fact-based, real-time decision-making process.

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. All our teams also received, as relevant to their roles, specific coronavirus-related training or guidance that supplemented the introduction of estate-wide operational policies and procedures designed to protect the health and safety of our teams, customers and others visiting our pubs or Riverside House.

Clear statements of behaviour have been issued by the board. An anti-bribery statement is on our corporate website and team members at Riverside House have been 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 has been circulated to everyone at Riverside House and to all pub managers; it is also printed in each pub employee's contract of employment. Group-wide circulation of the policy last happened in January 2019. An online assignment, testing the understanding and knowledge of this policy, has to be taken by every individual employed at Riverside House – this must be taken within three months of joining Young's and then every two years after that. 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, either of the joint company secretaries or the group's internal audit manager. Experience to date suggests that this policy is effective and widely known. Our estate-wide coronavirus operational policies and procedures also set out expected behaviours that were crucial for the safe and responsible running of our business and so necessary to garner customer confidence, and I am very proud of how our teams proactively adopted and worked with these, all to the relief and enjoyment of our customers.

Chairman's corporate governance statement continued

IMAGE REMOVED

IMAGE REMOVED

IMAGE REMOVED

“Always with the safety of our staff and customers in mind, we maintained the great Young's pub experience for our customers.”

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. Always with the safety of our staff and customers in mind, we maintained the great Young's pub experience for our customers. Much more on what was done in our pubs to 'embrace' and make the most of a covid-19 world is set out in the *strategic report*, starting on page 1.

We accept that simply setting expectations is insufficient and so the board understands how important it is that it leads by example: in ordinary times, it would therefore regularly be seen out and about engaging with our team members, customers and others, and the executive team, in particular, would communicate regularly with the teams in the pubs and at Riverside House through meetings and messages and at events. Despite the significant impact of the pandemic on the operations of the business and the executive team's freedom and ability to get around the estate, the executive team was able to engage with staff, albeit often in an online environment via Zoom video conferencing. In last year's extraordinary times, customer feedback has perhaps never been so important: this was encouraged (both directly to the pubs and via online booking review platforms) to ensure that we were doing the right things and, in particular, that we had our customers' confidence and they felt safe. This feedback provided invaluable insight into how we were seen to behave, and indeed produced some of our highest feedback ratings in years. The board therefore continues to believe that the group has 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. I am keen to welcome holders of our A shares in person to our 2021 annual general meeting ('AGM'), particularly given the constraints we faced in 2020 due to the covid-19 pandemic. At the time of preparing our notice of AGM (see pages 131 to 135), indoor events of up to 1,000 people or half a venue's capacity (if lower) are allowed to take place. We are therefore proposing to hold the AGM in the Civic Suite in Wandsworth, as we have now done for many years, and to welcome as many A shareholders as we can in accordance with Government guidelines and other necessary safety considerations. Currently this means, amongst other things, that A shareholders will not be able to mix beyond what is permitted by social contact restrictions, namely the rule of six or two households. We will also put in place further arrangements to ensure that the meeting is safe. In light of this, attendance by guests (other than carers accompanying a

shareholder) will not be permitted. You should be prepared to wear a face covering (unless exempt from that requirement), have your temperature checked, and confirm on arrival that you have not recently developed symptoms or been exposed to someone who has tested positive or is displaying covid-19 symptoms. However, given the constantly evolving nature of the situation, we want to ensure that we are able to adapt the meeting arrangements efficiently to respond to changes in circumstances. On this basis, should the situation change so that we consider it is no longer possible for shareholders to attend the meeting in person, we will hold our AGM as a combined physical and electronic meeting. In such event, shareholders and other attendees will not be permitted to attend the physical AGM, save for such nominated persons as are required in order to establish a quorum or to otherwise conduct the business of the meeting. A shareholders could instead attend the meeting using electronic means. Should it become necessary for shareholders to participate in the AGM electronically, the electronic platform will enable A shareholders to attend, vote and raise questions electronically, and instructions will be provided on our website at www.youngs.co.uk/investors. We will continue to monitor public health guidance and legislation issued by the UK Government in relation to the covid-19 pandemic as our AGM approaches. A shareholders are encouraged to monitor our website as well as our stock exchange announcements for any updates to meeting arrangements.

A Shareholders intending to attend the AGM (should this be possible in light of covid-19 restrictions in place at the time of the meeting), are asked to register their intention as soon as practicable by entering a tick in the 'Intention to Attend' box, which is located below the resolutions on the second page of the proxy form. Please note that in the absence of a full relaxation of covid-19 restrictions and social distancing rules, directors will not be mingling with shareholders before or after the meeting and no refreshments will be available before or after the meeting.

In view of the uncertainty around whether shareholders will be able to attend the AGM, and because tighter Government restrictions may be introduced due to a change in the covid-19 pandemic situation, I would encourage all A shareholders to complete and return their proxy forms appointing me, as chair of the meeting, as their proxy. This will ensure that your vote will be counted even if you (or any other proxy you might otherwise appoint) are unable to attend the meeting. Details regarding the appointment of proxies, and the completion and return of completed proxy forms are on pages 134 and 135.

GRAPHIC REMOVED

Stephen Goodyear
Chairman

19 May 2021



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.

Board of directors

1. Stephen Goodyear

Non-executive Chairman

Commenced role

April 2017 (appointed to the board in February 1996)

Skills and experience

Stephen has a 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)

2. 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

3. 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.

4. Simon Dodd

Chief Operating Officer

Commenced role

September 2019

Skills and experience

Simon is responsible for the group's managed house operations, including marketing. He also heads up the in-house CSR team. 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). He is the company's UK Hospitality representative. 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.

Other relevant external appointments

The company's UK Hospitality representative

5. Tracy Dodd

People

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), most recently as Head of People. 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)

IMAGE REMOVED

IMAGE REMOVED

IMAGE REMOVED

IMAGE REMOVED

IMAGE REMOVED

6. Roger Lambert

Non-executive and senior independent

Commenced role

August 2008 (became senior independent director in July 2011)

Skills and experience

Roger left the City in May 2020 after 40 years in banking, most recently with Peel Hunt but previously with Canaccord Genuity (2010–16) and J.P. Morgan Cazenove (1982–2008). After two years working for Chemical Bank in New York, he started his career in London in 1982 as an analyst covering the brewing, leisure and hospitality sectors before moving into corporate finance in 1985 where he has advised more than 25 companies in those sectors. Roger has a wealth of relevant expertise in capital markets and brewing, drinks and hospitality. He brings gravitas to the senior independent role and strength of personality and charisma to his non-executive position.

7. Nick Miller

Non-executive

Commenced role

April 2017

Skills and experience

Nick has a wealth of experience in hospitality, leisure and brewing. Most recently, 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.

8. Ian McHoul

Non-executive

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 been a non-executive director at Premier Foods plc (2004–13) and John Wood Group plc (2017–18). Most recently, 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 Innkeeper 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 (2018 to date) (director) – a major listed UK residential property developer based in Newcastle upon Tyne

Britvic Plc (2014 to date) (now senior independent director) – a major listed UK producer of soft drinks based in Hemel Hempstead

The Vitec Group plc (2019 to date) (now chairman) – a leading global provider of products and solutions to the “image capture and content creation” market

9. Torquil Sligo-Young

Non-executive

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)

Corporate governance report

Leadership

Board composition

Details of those on the board, including their skills and experience, appear on pages 48 and 51.

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

Executive committee	Audit committee	Remuneration committee	Disclosure committee
It is responsible for the daily running of the group and the execution of approved policies and the business plan. It usually meets fortnightly, with members of staff invited to attend as appropriate. Additional meetings are held as required.	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 60 to 65.	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 66 to 67.	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	Chair	Chair	Chair
Patrick Dardis	Ian McHoul	Nick Miller	Mike Owen
Other members	Other members*	Other members*	Other members
Mike Owen Simon Dodd Tracy Dodd	Stephen Goodyear Roger Lambert Nick Miller Torquil Sligo-Young**	Roger Lambert Ian McHoul*** Torquil Sligo-Young**	Patrick Dardis Simon Dodd Tracy Dodd

* Trish Corzine stepped down from the board and ceased to be a member of this committee in January 2021.

** Torquil Sligo-Young became a member of this committee in October 2020.

*** Ian McHoul became a member of this committee in January 2021.

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.

Board meetings and reserved matters

Meetings

The board ordinarily meets every two months, with additional meetings arranged as required. However, in light of the fast-changing environment facing the business brought on by the pandemic, the board ended up meeting 12 times during the period. All but two of those meetings occurred online, rather than at Riverside House which is the usual meeting location. For obvious reasons, no board meetings ended up being held in any of the group's pubs; the board would typically look to have at least one off-site pub meeting each year as it allows the board to see and feel the group's business and how a particular pub is 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, a property 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.

Due to the specific challenges the business faced during the year and the necessary focus for the board, there was no real opportunity for members of staff below board level to present at any of the board meetings and/or provide updates on developments in their areas of responsibility. The intention is, however, to resume this in FY2021/22.

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, but in the circumstances these meetings were less frequent than usual. The chief executive did, however, continue to manage to meet with all or some of the non-executive directors between board meetings, with this sometimes having to be via Zoom; these meetings helped ensure that the non-executives were kept up to date with developments in the business, and they usually resulted in valuable informal discussion.

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.

Corporate governance report continued

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 52 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.

Directors and joint company secretaries

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; 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; and
- managing the group's business.

Executive directors

All have particular roles and areas of responsibility – see pages 48 and 51. They are responsible for the day-to-day running of the business.

Joint company secretaries

Play a key part in helping the board ensure that it is aware of, and that the company meets, its legal and regulatory obligations. They act as a channel through which the directors, particularly the non-executives, gain an understanding of the workings of the company. All the directors are entitled to seek advice from them, and they provide guidance and information to all of them. They may act alone as well as together.

Attendance at board and committee meetings

Meeting attendance	Board	Audit committee	Remuneration committee
Number of meetings	12	3	6
Stephen Goodyear	12	3	–
Patrick Dardis	12	–	–
Mike Owen	12	–	–
Simon Dodd	12	–	–
Tracy Dodd	12	–	–
Roger Lambert	12	3	6
Nick Miller	12	3	6
Ian McHoul*	12	3	2
Torquil Sligo-Young**	12	2	3
Trish Corzine***	9	2	4

* Ian McHoul became a member of the remuneration committee in January 2021 – he attended all the meetings of that committee he was eligible to attend.

** Torquil Sligo-Young stepped down as an executive director at the end of September 2020 and became a non-executive director and member of the audit and remuneration committees – he attended all committee meetings he was eligible to attend.

*** Trish Corzine stepped down from the board in January 2021 – she attended all meetings she was eligible to attend.

Corporate governance report continued

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 and Ian McHoul can be considered independent when judged against the UK Corporate Governance Code (July 2018). The board, however, considers Roger Lambert to be independent despite him having served on the board for more than 12 years – in reaching this conclusion, the board considered the length of Roger's period in office, his other external commitments, the objective manner in which he has provided support to the chairman and other board members and his strength of character and attitude of mind. Having recently been the company's chief executive, Stephen Goodyear is not independent; for a similar reason (as he was an executive director of the company until October), Torquil Sligo-Young is not independent.

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 48 and 51) and taking into account that Roger Lambert will be stepping down from the board at the end of July, the directors consider that the board is well-balanced, has the right number of members for the size of the group and that no single person dominates discussions.

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 (including most recently in relation to the appointments of Mike Owen and Simon Dodd) 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. Other senior appointments are made by the chief executive in discussion with the chairman. 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.

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. One of the company secretaries 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 doesn't apply to any director at this year's AGM. Directors are then subject to a further re-appointment vote at every third AGM after that – this applies to Roger Lambert, Ian McHoul and Torquil Sligo-Young at this year's AGM. All are seeking re-appointment, albeit Roger will be retiring from the board shortly afterwards.

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.

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 dates
Stephen Goodyear	3 April 2023
Roger Lambert	31 July 2021
Nick Miller	3 April 2023
Ian McHoul	23 January 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. Due to coronavirus, trade visits were, however, severely limited in the period and some other activities mentioned above weren't feasible.

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.

In April last year, HSBC Bank plc and Slaughter and May advised the company on its successful application to become an eligible issuer for the HM Treasury and the Bank of England's Covid Corporate Financing Facility. As a result, the company established a euro-commercial paper programme for the purpose of issuing paper through the CCFF, and partially accessed the liquidity available to it under the CCFF by issuing paper with a nominal value of £30.0 million and a maturity date of 13 May 2021.

At the beginning of the period and in connection with the company's banking facilities and private placement notes, the board sought advice from Rothschild & Co. Amongst other things, Rothschild & Co assisted the company in its choice of potential new lending banks to approach in connection with the refinancing of the company's £50.0 million syndicated facility due March 2021, advised on pricing and other commercial terms linked to the refinancing, and they helped negotiate the documentation for the new and existing facilities. In addition, Rothschild & Co advised on, and assisted with, amendments and waivers of the company's financial covenants from the company's debt and private placement noteholders. Legal advice was provided throughout by Slaughter and May.

In June, J.P. Morgan Cazenove and Panmure Gordon advised on the company's placing of new shares, the concurrent offer for retail investors to subscribe for new shares, and the subscription by certain directors of the company (and/or persons closely associated with them) for new shares. This saw the company raise gross proceeds of £88.4 million. A number of other local legal advisers were engaged to assist with non-UK aspects of the arrangements. Again, legal advice was provided by Slaughter and May.

Corporate governance report continued

Performance evaluation

Over the summer, 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 performance review of the board involved the completion of a questionnaire on an anonymous basis, with anonymity intended to encourage more open and constructive comment. All board members were asked to provide a rating (on a scale of 1 – 4) across a variety of criteria, further details of which appear in the company's corporate governance website disclosures that can be found in the investors section of www.youngs.co.uk. The completed questionnaires were then submitted to the company secretary who collated and consolidated the responses into a report that was first shared with the chairman and subsequently circulated to the other directors. The report included all unattributed comments. The average rating was 3.56 (2018: 3.71). At the November board meeting, the following was agreed, based on the ratings awarded and/or the comments made:

- board level succession planning will become a standing item for the board at its March meeting – this will ensure there is an annual touchpoint sitting alongside informal discussions that take place during the year.

- following their annual appraisals, when training needs and wants are discussed, the executive directors will agree and update their personal development plans in conjunction with Patrick Dardis and/or Tracy Dodd – specific training and development needs of the non-executive directors will be agreed and identified annually by them with input, as relevant, from the chairman, Patrick Dardis and the joint company secretaries as well as topics that could be applicable to the board as a whole – the intention is to support each director in their career with the company and give them the knowledge and understanding to carry out their role effectively;

- the chairman, through his insight and leadership style and contributions to encourage increasing levels of individual characteristics and personalities of his board colleagues; and where practicable, the board's executive committee will consider in advance of a relevant board meeting any important matter needing full board approval – notwithstanding that the chairman encourages debate with challenge and discussions at board meetings, this change in process should ensure that all executive directors are fully appraised of a matter in advance of the board meeting and, following on from the previous bullet point, should also help increase individual contribution levels of the executive directors.

As regards the agreed actions flowing from the 2018 review:

- it is now agreed at each board meeting what, if any, non-routine presentations should be given at the next meeting – in light of the pandemic and the focus that caused, fewer presentations have been given than would have ordinarily been expected;
- presentations by non-director members of staff are to be given (to help the board assess informally the quality and depth of the team below board level) – this saw presentations from a number of team members, including the director of operations, the director of property and tenancies, the director of marketing, two of the ops directors, the head of financial planning and analysis, the chief accountant, the property accountant, the acquisitions manager, the head of retail information systems, the IS infrastructure manager, the head of property, the head of property and maintenance, and the maintenance control manager;
- starting in January 2019, the principal risks and uncertainties facing the business became a standalone item on each January's board meeting agenda – the resulting more formal and separate discussion gave this matter an increased degree of focus – the risks and uncertainties nevertheless continued to be discussed by the audit committee and by the board as a whole as part of the review and sign-off of the annual report; and
- an annual update was to be provided to the board on senior level succession (i.e. the level below the board) – updates were provided informally at various times.

The next formal review is expected to be carried out in summer 2022.

The chairman's performance was appraised by the senior independent director. The chairman appraised the performance of the other non-executive directors and the chief executive. The appraisal of the other executive directors was conducted by the chief executive; this was in addition to his regular 1:1 meetings with them. As part of the executive appraisal process, 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. The key steps and actions taken by the executive committee in response to the coronavirus pandemic are summarised in the *strategic report*, starting on page 1. 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 26 to 29). 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 60.

Shareholder relations

Copies of the annual report (which includes the notice of AGM) and the interim report are sent 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 a specific part to play in keeping in touch with them. Roger Lambert, 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. Either of the joint company secretaries 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. Apart from last year's meeting which had to be held as a closed meeting, this meeting 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. Voting at the AGM is by a show of hands unless a poll is called for – in this regard, the chairman is aware of the possible need to exercise his powers as chairman and demand a poll to ensure that the vote represents the voting intentions of those shareholders who have appointed him as proxy, as well as those present at the meeting. 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

IMAGE REMOVED

Ian McHoul
Committee Chair

Given the ongoing impact of covid-19 and the significant periods during which the estate was closed, a key focus for the committee was the adequacy and appropriateness of the group's systems of internal control and risk management. The committee also concentrated on the correct accounting treatment for the impact of the pandemic and, once satisfied, focussed on the adequacy of the disclosures made in the annual report.

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 performance, business model and strategy.
- Reviewing the consistency and appropriateness of, and any changes to, accounting policies and practices.

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 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 reporting or other matters.

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.
- Monitoring and assessing the role and effectiveness of the company's internal audit function.

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 (including looking at loan covenant compliance and EY's material uncertainty qualification in its audit report);
- the value of the group's pub estate given the impact of the coronavirus pandemic on the group's business;
- the judgements and estimates made by the company following the adoption of IFRS 16 Leases;
- 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 also considered, and put forward for approval by the board, an adjusting items policy and an updated policy for the engagement of the company's external auditor to supply non-audit services.

After ensuring it was aligned to the key risks of the company's business, the committee agreed an internal audit plan for FY2021/22.

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 five non-executive directors. All served on the committee throughout the period apart from Torquil Sligo-Young who joined in October. Trish Corzine was on the committee until she stepped down from the board in January. The members of the committee consider that they have the requisite skills and experience to fulfil the committee's responsibilities.

Committee meetings and attendance

The committee met three times during the period (in May, November and March) and the table on page 55 sets out each member's attendance record. The chief executive and the chief financial officer joined all the meetings. The company's audit partner and audit manager at EY joined the May and November meetings as these related to the group's full-year and half-year results; they 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 the company's audit partner and audit manager at 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 but some of the 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	An updated financial controls memorandum for recommendation to the board	An internal audit plan and proposed changes in light of the ongoing pandemic and closure of the group's estate
Full and half-year review reports, including findings, prepared by EY	A whistleblowing policy and a summary of the group's procedures for detecting fraud and preventing bribery	Various internal audit reports covering the results of findings, including the effectiveness of controls and various risks associated with them, generally stemming from the internal audit plan
Draft engagement/management representation letters	IT systems security update and a revised systems security management policy for approval	An actions tracker for any outstanding matters as a result of findings made
Financial year-end audit planning report prepared by EY	Operational support managers' audit results	
Schedules of non-audit work performed by EY	An updated non-audit services policy for recommendation to the board	
The FRC's audit quality inspection of EY, EY's audit quality report and EY's 2020 transparency report (November 2020)		

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 and covenant compliance	The group adopted the going concern basis of reporting in the preparation of the financial statements, albeit subject to material uncertainty. The committee reviewed various financial and scenario-based models underpinning the going concern assumption, the group's balance sheet, the rate at which trade returns, the impact on cash flow and the overall capital position of the group. Note 25(b) on pages 115 and 116 sets out the banking facilities that the group has available. The group expects, by the end of June 2022 (the 'going concern' period), to have available facilities of £235.0 million, having paid down the £30.0 million Bank of England's Covid Corporate Financing Facility on 12 May 2021 and planning not to extend the £20.0 million RCF with NatWest beyond November 2021. All of the group's lending banks have waived any technical 'cessation of business' breach of banking facilities as a result of any enforced closure of the group's pubs and the financial covenant tests at June, September and December this year have been replaced with a monthly liquidity test. Whilst these models show sufficient liquidity for the going concern period, under the more severe model there is a material uncertainty that on reverting to the original banking covenants for the March 2022 and June 2022 quarter end tests, certain performance-based covenants would risk being breached. EY tested the cash flow forecast models prepared by management and found that management has made reasonable assumptions in its cash flow forecasts, which support the group and parent company preparing their financial statements on a going concern basis. EY also inspected covenant waivers from the group's lending banks. As a result of the above, and although it is not possible to fully predict the extent of the ongoing impact that the coronavirus will have on the business, the committee was satisfied that the going concern basis of reporting was appropriate, albeit with the material uncertainty disclosed.

Matter	How this is addressed
Value of the group's pub estate	This number is by far the largest number on the balance sheet at 29 March 2021; note 18 on pages 109 and 110 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 and included a 'material valuation uncertainty' due to the coronavirus, was also checked by EY's property specialist, enabling EY to confirm 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 29 March 2021.
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 29 March 2021 was appropriate.
Asset impairment	The severely impacted trade for the period due to coronavirus, was an indicator of 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 expected short-term impact of the coronavirus and future growth prospects, management's assessment found there to be no impairment required. EY then challenged 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 17 on pages 107 and 108 sets out further information on these sensitivities.
Pandemic-related government assistance schemes	During the period, the group was eligible for a number of government grant schemes which were introduced to mitigate the impact of covid-19 (note 9 on page 102 sets out further detail on amounts accessed). The grant schemes accessed include Eat Out to Help Out, Business Rate Grant, Coronavirus Job Retention Scheme, and the Covid Corporate Financing Facility. The group also took advantage of the business rate holiday and the reduced VAT level on eligible sales. EY tested the workings and accounting treatment of all government assistance schemes. The committee concluded that all schemes were correctly represented in the group's financial statements for the period ending 29 March 2021.

EY's audit report on pages 74 to 81 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. The policy was updated just before the end of the period to reflect, in part, the Financial Reporting Council's Revised Ethical Standard 2019. Under the updated policy, non-audit services are generally prohibited to be performed by EY unless they fall within a narrow list of permitted services where 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 interim review and preparation of turnover certificates for the Bull (Westfield (Shepherd's Bush)) and the Cow (Westfield (Stratford)). The total fees paid to EY during the period for non-audit services amounted to £39,000 (13.0% of total fees paid to EY during the period) (2020: £39,000 and 21.0%). 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 had:

reviewed the audit plan for the period ended 29 March 2021 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;

been provided with a copy of the Financial Reporting Council's July 2020 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 29 March 2021 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 29 March 2021 were £0.3 million (2020: £0.2 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.

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 14. This is not an exhaustive list of all significant risks and uncertainties; some may currently be unknown (as was originally the case with the coronavirus 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 Riverside House employees and pub general managers, and assessment of Riverside House employees' understanding of that policy;
- the group's internal audit function and the group's in-house team of operations support managers; and
- ongoing health and safety audits and monitoring of accident statistics, with audit results being a standing item at board meetings.

In light of the ongoing impact of covid-19 and the significant periods during which the estate was closed, the group's systems of internal control and risk management were a key focus for the committee, as were the emergence of new risks and the increase in existing ones. The committee sought to ensure the adequacy and appropriateness of these systems and made changes to the internal audit plan to assist with this.

The group's internal audit manager sits within the finance team, with a clear line of communication to both the chairman of the committee and the joint company secretaries, 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 were 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.

In the previous period, a cyber security maturity assessment was completed with assistance from a specialist external provider. During the period, work was progressed on some of the projects identified as enhancing and making more secure the group's IT infrastructure and ways of working.

Reporting to the internal audit manager is the team of operations support managers. Throughout the period, they 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. Aggregate retail audit results for the group's operating divisions are presented to senior management, including the executive directors, and to the committee.

The group has business continuity arrangements in place with third parties. It also has business continuity plans for each of the departments within Riverside 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 chairman 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 effective and staff members are aware of it.

Remuneration committee

IMAGE REMOVED

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 four of the board's non-executive directors. It is chaired by Nick Miller; the other members are Roger Lambert, Ian McHoul and Torquil Sligo-Young. Nick and Roger served on the committee throughout the period; Ian and Torquil joined in January and October respectively. Trish Corzine served on the committee until she stepped down from the board in January. The committee met six times during the period and the table on page 55 sets out each member's attendance record.

Advice, guidance and information

General advice and guidance is provided to the committee by the company secretary.

During the period, additional external advice and assistance was obtained on:

- aspects of the Investment Association's Principles of Remuneration for 2021 and its guidance on shareholder expectations during the covid-19 pandemic, and
- the introduction of clawback arrangements for bonus awards to be made under the company's deferred annual bonus scheme for FY2021/22 and later years.

Where possible, agendas and supporting papers are provided to the committee a week before its meetings.

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 shareholder value creation. It is consistent with the group's approach to risk management and does not encourage inappropriate risks to be taken to achieve performance targets.

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 8 on page 101); and
- to satisfy the 'variable' element, a stretching deferred annual bonus scheme.

In light of the pandemic, no bonus scheme was offered for FY2020/21. Further, despite the executive team's huge amount of hard work over the period and their remarkable leadership, the committee determined that no discretionary bonuses would be payable either; this is reflected in the 'Bonus 2021' column in note 8(b) appearing on page 101, and it is the second year in a row for which the executive team has not received any bonus pay-out.

As previously reported, the executives' basic annual salaries were reduced by 20% for April, May and June 2020 in light of the pandemic; this is likewise reflected in the remuneration table appearing in note 8(b) on page 101. For FY2021/22, it is the committee's current position that there should be no pay increases for the executive directors. Within three months of the estate re-opening, this position will be reviewed in the light of the estate's performance. The committee is open to introducing a pay increase, with this possibly being effective from the start of FY2021/22.

Following the announcement in February of the government's roadmap to the easing of lockdown restrictions, the committee chose to reintroduce, for FY2021/22, the executive deferred annual bonus scheme. Set out in the following table are the performance conditions to which the bonus awards are subject and the overall caps applicable; the percentages shown are percentages of basic annual salary.

	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 inclusion of personal objectives recognises the specific executive roles and responsibilities each director has.

The executive directors are aware that the committee will be taking certain other factors into account at the end of FY2021/22 in deciding whether to pay any bonus. For reasons of commercial sensitivity, the detail behind these factors isn't being disclosed in this report; however, they do relate, amongst other things, to the company's available liquidity (see *Liquidity position: strengthening* on page 22), the payment and recommendation of dividends to shareholders, and whether any member of the group applies for, or receives, any grant or assistance under any coronavirus-related government support schemes during or in respect of FY2021/22 outside of certain limited exceptions.

The committee's view is that the bonus scheme will continue to support the company's strategy and business plan: the executive directors have been incentivised in a way that is aligned with both the group's long-term financial performance and the interests of shareholders.

Further detail of how the bonus scheme operates is in note 31, starting on page 126. As is explained in that note, the 'matching' share part of the bonus scheme is linked to the growth of the group's adjusted earnings per share over a set period. For the 'matching' shares issued in June 2018 – only relevant to three directors: Patrick Dardis, Tracy Dodd and Torquil Sligo-Young – the earnings per share performance condition was determined to be met as to 0%. This was entirely down to the pandemic's impact on trade. As a result, Patrick, Tracy and Torquil will have to transfer 7,089 A shares, 393 A shares and 3,464 A shares respectively to the Ram Brewery Trust II for £nil in due course.

Details of the executive directors' remuneration appear in note 8(b) on page 101. Details of pension benefits, other benefits (principally car-related (which can be taken in cash and if this is done, they are then shown as part of a director's basic salary and fees) and private medical insurance) and interests in the company's savings-related share option scheme are in notes 8(b) and 8(e) respectively, on pages 101 and 102 respectively. No executive director is involved in deciding their own remuneration.

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. Torquil continues to make use of a company car; details of his holding of shares under the terms of the deferred annual bonus scheme is in note 31(a) starting on page 126, and his interest in the company's SAYE share option scheme is shown in note 8(e) on page 102.

The non-executive directors are entitled to be reimbursed for certain business-related expenses.

Details of the remuneration of the non-executive directors who were in office during the period appear in note 8(b) on page 101. As previously reported, their basic fees were reduced by 20% for April, May and June 2020 in light of the pandemic, hence the year-on-year numbers being lower.

The executive committee has likewise chosen to defer any decision as to any increase in the non-executives' basic fees for FY2021/22.

By order of the board

Anthony Schroeder
Joint Company Secretary

19 May 2021



Directors' report

For the 52 weeks ended 29 March 2021

Directors

Details of our directors appear on pages 48 and 51. All of them served throughout the period. No other person was a director during the period other than Trish Corzine who stepped down as a director on 11 January 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 8(e) on page 102.

		As at	A shares	Non-voting shares
Stephen Goodyear ^{1, 2}	Beneficial	29 March 2021	200,424	3,265
		30 March 2020	202,321	–
Patrick Dardis ^{1, 2}	Beneficial	29 March 2021	97,906	–
		30 March 2020	114,591	–
Mike Owen ¹	Beneficial	29 March 2021	3,317	2,040
		30 March 2020	301	–
Simon Dodd ^{1, 3}	Beneficial	29 March 2021	4,163	–
		30 March 2020	–	–
Tracy Dodd ^{1, 4}	Beneficial	29 March 2021	11,413	–
		30 March 2020	12,763	–
Roger Lambert	Beneficial	29 March 2021	6,252	6,818
		30 March 2020	5,250	5,000
Nick Miller	Beneficial	29 March 2021	58,587	408
		30 March 2020	58,200	–
Ian McHoul	Beneficial	29 March 2021	3,000	2,000
		30 March 2020	–	–
Torquil Sligo-Young ^{1, 2, 5, 6}	Beneficial	29 March 2021	279,874	15,081
		30 March 2020	282,340	25,081
	Trustee	29 March 2021	4,154,340	499,591
		30 March 2020	4,154,340	574,671

¹ Also interested in 7,652 (2020: 7,526) A shares held in trust by RBT II Trustees Limited – see note 32 on page 129.

² Also interested in 337,067 (2020: 337,067) A shares held in trust by Young's Pension Trustees Limited – see note 32 on page 128.

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 (2020: 836,368) of the A shares and 453,543 (2020: 478,623) 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 32 on page 128).

Profit and dividends

The loss for the period attributable to shareholders was £38.3 million. As announced on 17 March 2021, the board is not recommending payment of a dividend for the company's financial year ended on 29 March 2021.

Disclosure of information to the auditor

Each of the directors shown on pages 48 and 51 confirms that so far as he or she is 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 he or she has taken all the steps that he or she ought to have taken as a director to make himself or herself 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 42) 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 25 on page 113, 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 continued to prioritise 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 coronavirus, trading and operational matters, and board and staff changes.

Given the impact of coronavirus, the company employed new methods of communication which included the use of Zoom by Patrick Dardis, the chief executive, to deliver the company's full-year results presentation to employees based at Riverside House as well as general managers across the company's estate, and to receive and answer questions. The company also set up a closed Facebook group 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 regardless of whether they remained at work or were designated as "furloughed", under the Coronavirus Job Retention Scheme; this 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 video clips of clapping in support of the NHS, fundraising efforts in the local community, community efforts such as cooking meals for NHS staff, window dressing and supporting local foodbanks. In addition, group members were encouraged to share pictures and clips of their pets, their seasonal crafts and their baking, and a Young's Strava group was set up for employees to share and encourage each other with various exercise challenges. These initiatives were

well received by employees and helped maintain engagement and interaction, particularly for those who might otherwise have struggled with isolation.

To address the interruption of normal communication arrangements for employees due to a significant proportion of employees and their line managers being designated as "furloughed", the company set up a dedicated email address to receive and deal with employee concerns across a variety of areas. This ensured employees were able to reach out for support throughout the year and it saw a number of positive outcomes, such as assisting an employee who had become homeless find accommodation within the group's staff accommodation and providing mental health support for employees who were experiencing difficulties.

Within the constraints imposed by the impact of coronavirus, the company continued to consult with its employees and their representatives, using the company's information and consultation committee. This long-established committee aims 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 at Riverside House, 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. In the circumstances, the committee met only once during the period, with the chief financial officer joining that meeting to update the committee. A briefing sheet, summarising the outcomes from the meeting, was communicated within the business – this was initially emailed to all employees based at Riverside House, 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 operated a savings-related share option scheme for eight consecutive years to 2019. However, due to the impact of coronavirus and the disproportionate impact of furlough on a significant proportion of the group's employees, this scheme was not offered for 2020; the intention is to recommence it in 2021.

In recognition of the vital role that a select group of individuals (all below board level) played during the covid-19 crisis following the initial closure of the group's pubs in March 2020 and in the lead up to the pubs reopening in July, the company offered those individuals the opportunity to receive 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. Everyone accepted the offer; this resulted in 13,542

Directors' report continued

A shares being acquired from the Ram Brewery Trust II at 1,300p per share (which was the mid-market closing price of an A share on 31 December 2020, being the last dealing day before the shares were purchased). All the shares are subject to restrictions which ordinarily mean that the individuals who received them cannot sell them before 18 December 2021. Further, if the individual 'leaves' the company before that date other than in limited 'good leaver' circumstances, he or she will have to transfer the shares back to the trust for £nil.

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. By way of example, the company offered 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 350 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, five employees undertook the Level 2 Certificate in understanding mental health first aid and mental health advocacy in the workplace; this was delivered via distance learning by Milton Keynes College. These employees will support the existing mental health first aiders and mental health first aid champions 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, signposting employees who may be experiencing mental health crises to appropriate services. 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 the support available to employees from the Licensed Trade Charity (the "LTC") and, in particular, coronavirus-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 45 calls from individuals who identified themselves as Young's employees. In addition, financial grants of over £4,500 were made to Young's employees. Managers were also signposted via the Facebook group to online mental health training delivered by the LTC.

Throughout the period, the company took active steps to promote government messages about coronavirus in the workplace and, upon reopening, provided specific training in a covid-secure workplace to all employees. Where employees were considered clinically extremely vulnerable and not able to work from home, the company used the Coronavirus Job Retention Scheme to support them to remain in employment until it was safe for them to return to work. 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; as a result all Riverside House teams worked remotely for much of the period.

Where employees' furlough pay under the rules of the Coronavirus Job Retention Scheme exceeded the maximum payable, the company topped up employees' pay so that all employees who were designated as "furloughed" received 80% of their actual pay.

The impact of government restrictions and use of "tiering" meant some employees were working below their normal hours when the company's pubs and hotels were open. The company introduced a "pick up a shift" system which 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.

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.

Greenhouse gas emissions, energy consumption and energy efficiency action

In this section of this report:

- "BEIS" means the Department for Business, Energy and Industrial Strategy;
- "kWh" means kilowatt hours; and
- "tCO₂e" means tonnes of carbon dioxide equivalent.

	2021	2020
Revenue in £ million	90.6	311.6
No. of managed houses at the year-end	210	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	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	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	43,132,027	78,613,804
The group's annual emissions: ratio of tCO ₂ e per £ million of revenue	93.05:1	54.47:1

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 BEIS;
- 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 BEIS; 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 22.9% per guidelines issued by BEIS – to calculate tCO₂e for mileage completed in other cars, the conversion was made using figures for an average car per guidance issued by BEIS – in each case, the resulting tCO₂e figures were then converted to kWh using the then current fuel conversion factors published by BEIS – where the fuel type used was unknown, the unknown fuel metric was used in line with guidance published by BEIS.

¹ For 2021, the invoices referred to above cover the period April 2020 through to and including December 2020. They have been supplemented by estimated invoices for January to March 2021. For 2020, the invoices referred to above cover the period April 2019 through to and including January 2020, supplemented by estimated invoices for February to March 2020. Estimated invoices have had to be used in both years due to invoices not received from the group's energy suppliers.

During the period, the group undertook various activities to increase the group's energy efficiency. These principally involved the roll out of further installations of the following: building management systems to control heating and cooling, cellar

cooling controls, variable current refrigeration compressor controls, and additives to wet heating systems to improve their efficiency. In addition, energy efficient pump units were fitted to beer coolers in various pubs and a number of waterless urinals were installed.

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 18 (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 Fothergill 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 long-term strategy and business model (summarised on page 14) 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.

Directors' report continued

Throughout the period, the company remained actively engaged with suppliers and customers. It did this in a variety of ways, some of which became the norm as the company entered extended periods of restricted trading or lockdown: regular meetings via Zoom became the order of the day with suppliers, and an engagement strategy with customers, carried out through regular e-marketing and social media, ensured strengthened central, as well as local pub-level, messaging.

Over ten million personalised emails were sent during the year: these allowed customers to remain in contact with the business during restricted trading periods and closure, and ensured they were kept up to date on reopenings and the regularly changing trading restrictions. The company's communications were further bolstered through ongoing social media contact, including Facebook, Twitter and Instagram. As the company anticipated, social media provided an agile communications platform that proved to be particularly useful during the period: in spring 2020, the company had 10,000+ Instagram followers; this increased by roughly 50% during the period as a result of the company's strengthened engagement.

Online review platforms such as Google, TripAdvisor and DesignMyNight enabled customers to give speedy and relevant opinion and comment, and a cloud-based reputation management system used by the company allowed it to assimilate the feedback received. This was especially helpful in determining and understanding, on a pub-by-pub basis, customer response to the stringent covid-19 measures introduced by the company when the estate was allowed to reopen in July.

It now seems to be very much the case that most customer journeys start online, and the company's online bookings have grown significantly as a huge proportion of the company's customers tended to book ahead of their visits. Digital has proved a key communications channel for the company's customers through a period of uncertainty.

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. This was particularly important with the frequently changing tier restrictions last autumn.

Across the period and at a time when customers were seeking reassurance before venturing out to their favourite pubs and hotels, more than 200,000 customers visited the company's 'Things you need to know' page: this covered the government's covid-19 regulations and the responsible and heartening measures the company was taking in response.

On reopening, 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, 'Socialising Responsibly since 1831', was created to convey the company's covid-19 safe environment on reopening. This ran across all digital platforms, including paid digital advertising, and across welcome boards and communications throughout the pub to remind customers of the different ways of operating and the company's enhanced health and safety measures.

The company introduced an 'order to table' solution for its On Tap app, providing a premium, restricted contact, table service solution for customers. Nearly half a million customers used On Tap since the reopening of the pubs in July last year, and, together, they placed over 1.4 million orders to a value of more than £24 million. The app accounted, on average, for 34% of transactions on reopening; for those that signed up to this, it also allowed the company to communicate directly with them through enhanced in-app content and push notifications.

The Great British Staycation was the focus of the company's hotel marketing strategy throughout the summer. It saw the introduction of a number of different leisure packages for guests, communicated via e-marketing and social communications, to encourage guests to come and stay responsibly.

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 70% 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. Whilst many of the company's planned activities were not able to take place due to the pandemic, a number did happen, and the following are just four illustrative examples of the benefits ensuing from those close, proactive and collaborative relationships:

- Camden Town Brewery supported the company's outdoor spaces on reopening by providing temporary bars to enhance speed of service and allow takeaway solutions for selected pubs – branded merchandise was also provided to encourage customers to order via On Tap;
- Orchard Thieves Cider provided branded huts for pub gardens to provide shelter for customers when requirements for mixed households restricted indoor gatherings;
- as customers were welcomed back safely last summer, Diageo GB provided high-quality permanent sanitiser dispenser units, medical grade hand sanitiser and personal protection equipment for all Young's managed house pubs; and
- key suppliers (such as Diageo GB, Camden Town Brewery, Carlsberg Marston's Brewing Group, Campari Group, Berkman Wine Cellars and Heineken) joined forces with the company to reward selected customers with an exclusive treat on Young's Day, 17 September 2020, which could be redeemed via the Young's On Tap app: customers were awarded bar tabs, staycations and/or complimentary drinks in recognition of their loyalty to the company's pubs on reopening.

With a roadmap for the end of lockdown restrictions having been announced in February, work towards the end of the period turned to 'Together at Young's' and plans for the company's 190th birthday in September. These central themes will underpin the company's customer communications during a summer of togetherness and a year of celebrations planned in partnership with the company's key suppliers.

A taster of what's to come, some of which have already gone live, includes:

- a new range of bespoke flavoured gin serves, exclusively paired with Fever-Tree mixers and sodas, as part of the company's "Let the Summer Be Gin" campaign;
- Metroland Shack Sessions, an exclusive beer for the company's Burger Shacks, produced by Two Tribes Brewery;
- key events, in conjunction with tournament partners Heineken and Sipsmith, linked to some of this summer's major sporting events such as the delayed UEFA Euro 2020 football tournament and The Championships, Wimbledon;
- a 'Pints for Prints' promotion with Camden Town Brewery which will allow customers to get exclusive Young's birthday artwork; and
- a bespoke 190th birthday glass available from Beavertown Brewery.

Corporate governance arrangements

The report on the company's corporate governance arrangements is set out on pages 43 to 67. 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

The notice convening the AGM is set out on pages 131 to 135; notes explaining the resolutions being proposed are on pages 136 and 137.

Notifications of major holdings of voting rights

As at 29 March 2021, 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%
James Young	11.20%
Caroline Chelton	10.09%
Octopus Investments Nominees Ltd	10.05%
Canaccord Genuity Group Inc.	5.55%
Lindsell Train Limited	4.89%
BlackRock Investment Management (UK) Ltd	<5.00%
Alice Parasram	3.30%

On 19 April 2021, Octopus Investments Nominees Limited notified the company that their holding had then changed to 11.06%; on 6 May 2021, Blackrock Investment Management (UK) Ltd notified the company that their holding had then changed to 5.07%. No other 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 30 March 2021 and 18 May 2021, both dates inclusive.

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

For each financial period, the directors are required to prepare an annual report (made up of a strategic report and a directors' report) and a set of financial statements. The latter must be prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS) and applicable law, and must present fairly the financial position of the group and the financial performance and cash flows of the group for the relevant period. As regards the company's financial statements (as opposed to the ones for the group), the directors have chosen to prepare them under IFRS too. In preparing the financial statements, the directors have to make judgements and accounting estimates that are reasonable and prudent, select suitable accounting policies and then apply them consistently, and information, including accounting policies, must be presented in a manner that provides relevant, reliable and comparable information. There also has to be included a note that the group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements. Under the Companies Act 2006, the directors are responsible for keeping accounting records which disclose with reasonable accuracy, at any time, the financial position of the group and the company at that time and are such to enable them to ensure that the financial statements comply with that Act. The directors are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

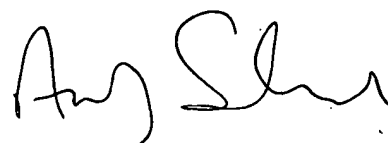
Preparation and disclaimer

This annual report, together with the strategic report (on pages 1 to 42) and the financial statements for the period ended 29 March 2021, 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

Anthony Schroeder
Joint Company Secretary

19 May 2021



Independent auditors' report

For the 52 weeks ended 29 March 2021

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 29 March 2021 and of the group's loss for the 52 weeks then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and 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 29 March 2021 which comprise:

Group	Parent company
Group balance sheet as at 29 March 2021	Balance sheet as at 29 March 2021
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 35 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 35 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the ongoing Coronavirus pandemic continues to result in uncertainty over the group's ability to operate its pubs and therefore whether the group will be able to comply with its banking covenants from 31 March 2022 onwards. As stated in note 1, these events or conditions, along with the other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's 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. Events or conditions were identified and 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 the changes in the period, to the original debt agreements and covenant waivers; and auditing the £85m June 2020 equity raise back to supporting evidence, including share issue documentation and bank statements;
- 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;
- Recalculating the group's banking covenant tests, under their amended terms through to March 2022 and under their original terms at the March 2022 test date and the June 2022 test date (both within the going concern period);
- Evaluating whether the assumptions, particularly over the timing and extent to which trading would recover to pre-Coronavirus levels, were realistic, achievable and consistent with the external and/or 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 (but not unrealistic) adverse effects that could arise from these risks individually and collectively;
- Performing our own 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;
- 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, as well as the likelihood of non-controllable actions such as obtaining further covenant waivers or raising additional funds through debt, equity or sale of pubs in the portfolio being plausible;
- 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 2022; and
- Discussing with management whether any events or conditions beyond 27 June 2022 had been identified that may cast significant doubt on the group's ability to continue as a going concern and considering whether we were aware of any such events or conditions from our audit work.

The audit engagement partner and senior team members increased their time directing and supervising the audit procedures on going concern, in particular in assessing the going concern model and assumptions and reviewing evidence of changes to financing arrangements and banking covenants.

We communicated our conclusions to the Audit Committee that, based on our work performed, we found that management has made reasonable assumptions in its cash flow forecasts, which support the group and parent company preparing their financial statements on a going concern basis. We observed that there continues to be uncertainty over the impact of Coronavirus on the group's ability to trade and communicated the results of our independent reverse stress testing on liquidity and covenant compliance. We confirmed that we are satisfied with management's conclusion that the group and parent company are a going concern, but that there is a material uncertainty over this assumption, and that management has accurately described this material uncertainty within the financial statements. We also determined going concern to be a key audit matter.

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 and parent company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> • We performed an audit of the complete financial information of the group, which accounted for 100% of adjusted loss before taxation, 100% of revenue and 100% of total assets.
Key audit matters	<ul style="list-style-type: none"> • Valuation of the freehold pub estate • Asset impairment • Going concern • Deferred taxation arising on the valuation of the pub estate • Management override in the recognition of revenue
Materiality	<ul style="list-style-type: none"> • Overall group materiality of £1.2m which represents 3.5% of the prior period's profit before taxation, adjusted for the movement on the revaluation of properties.

An overview of the scope of the group and parent company 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 United Kingdom 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 29 March 2021 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.

Independent auditors' 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. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of the freehold pub estate		
<p>Refer to the Audit Committee Report (page 60); Accounting policies (page 91); and Note 18 of the financial statements (page 108)</p>	<p>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.</p>	<p>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 29 March 2021.</p>
<p>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 £726.1 million at 29 March 2021 (2020: £722.2 million). As permitted by IAS 16 and in common with other listed pub operators in the UK, this revaluation was achieved through:</p>	<p>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 Coronavirus. They also included the impact on management's valuation of the inclusion in the external valuer's valuation opinion of a 'material valuation uncertainty' clause as a result of the Coronavirus pandemic.</p>	<p>We concluded that the values of the sample of 34 properties tested by our internal property valuations specialists were within the reasonable range of values as assessed by them, including the impact of Coronavirus.</p>
<ul style="list-style-type: none"> • 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, led by the group's interim director of property and tenancies, and supported by Savills, using updated trading results, management's knowledge of each pub, and appropriate consideration of the results of the external valuation. 	<p>We assessed the competence and objectivity of the external valuer, including consideration of its qualifications and expertise.</p> <p>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.</p>	<p>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.</p>
<p>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.</p>	<p>Of the group's 205 freehold pubs, with support from our property valuation specialists we tested a sample of 34 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.</p>	<p>We reviewed the disclosures in note 18 to the financial statements, including those relating to the material valuation uncertainty paragraph included by Savills in its valuation report, and consider them to be appropriate.</p>
<p>The ongoing uncertainties over the current economic environment caused by the Coronavirus pandemic, including the closure or restricted trading of all pubs in the UK, had an impact on the valuation of the group's freehold pub estate.</p>	<p>We benchmarked the group's pub valuations by comparing with other pub market transactions.</p>	
<p>As described in note 18, Savills highlighted in its assessment of the fair value of the freehold pub estate that the valuation contains material uncertainty given the lack of comparable transactional activity since the onset of Coronavirus and the uncertainty over future trade at the valuation date. Accordingly, the group has reported the valuation of the freehold pub estate at 29 March 2021 on the basis of a 'material valuation uncertainty'.</p>	<p>With support from our property valuations specialists, we also considered the approach taken to reflect the impact of the Coronavirus pandemic on freehold pub values, given the continued level of uncertainty. This included consideration of the methodology applied compared to the limited market data available, the approach being taken by other property companies and the characteristics of the individual pub assets.</p> <p>We verified that changes in pub valuations were appropriately accounted for through the revaluation reserve or the income statement.</p> <p>We considered the appropriateness of the valuation disclosures in note 18 the financial statements and whether they were compliant with the fair value information required under IFRS 13. In particular, we considered whether they adequately described the judgements made in respect of the impact of Coronavirus on freehold pub values.</p>	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Asset impairment		
<p>Refer to the Audit Committee Report (page 60); Accounting policies (page 91); and Notes 17 and 19 of the financial statements (pages 107 and 111)</p> <p>In addition to its freehold property portfolio, the group has significant other assets connected with its pub estate, including goodwill of £32.5 million (2020: £32.5 million), fixtures, fittings and equipment of £79.5 million (2020: £89.0 million) and right of use assets of £158.0 million (2020: £163.4 million).</p> <p>The continued uncertainties over the current economic environment caused by the Coronavirus pandemic, including the closure or restricted trading of all pubs in the UK, has been identified as an indicator of impairment.</p> <p>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.</p> <p>There is a risk that, given the uncertainties over future trading caused by the Coronavirus, 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.</p> <p>Significant judgement is required in forecasting the future cash flows of each pub, together with the rate at which they are discounted.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>In respect of the impact of Coronavirus 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.</p> <p>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.</p> <p>We assessed the disclosures in notes 17 and 19 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.</p>	<p>We concluded that no material impairment was required at 29 March 2021, based on the results of our work.</p> <p>However, the impairment test is sensitive to adverse changes that could arise given the uncertainties surrounding the impact of Coronavirus. In particular, a decline in the long-term growth rate could result in an impairment of a number of pubs or groups of pubs.</p> <p>Management describes these sensitivities appropriately in notes 17 and 19 to the financial statements, in accordance with IAS 36.</p>

Independent auditors' report continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Deferred tax arising on the valuation of the pub estate</p> <p>Refer to the Audit Committee Report (page 60); Accounting policies (page 91); and Note 26 of the financial statements (page 119)</p> <p>At 29 March 2021, the group had deferred tax assets of £8.6 million (2020: £8.3 million) and deferred tax liabilities of £73.6 million (2020: £69.9 million).</p> <p>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.</p> <p>These judgements are focused on:</p> <ul style="list-style-type: none"> 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. 	<p>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.</p> <p>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, as well as management's calculation of the impact of a historical adjustment in the calculation, which was adjusted in the current period.</p> <p>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.</p> <p>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.</p> <p>We considered whether the related deferred tax disclosures, included in note 26 to the group financial statements, were in line with IAS 12 requirements.</p>	<p>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 26 to the group financial statements are appropriate.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Management override in the recognition of revenue		

Refer to the Audit Committee Report (page 60) and Accounting policies (page 91)

The group recorded revenue of £90.6 million in the year (2020: £311.6 million), including £87.0 million in the Managed houses segment (2020: £299.1 million) and £3.3 million in the Ram Pub Company segment (2020: £12.1 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 in the managed and tenanted estate.

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 Ram Pub Company (tenanted pubs) there is also a risk that manual topside adjustments could be posted to revenue.

The Coronavirus pandemic has resulted in the group adopting new processes for revenue recognition in the year, including to account for the UK Government's "Eat Out to Help Out" scheme during Autumn 2020.

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. This included identification and further testing of cash received through the UK Government's "Eat Out to Help Out" scheme, as well as analysing revenue recorded for each accounting period to compare results against our expectations based on the UK Government's trading restrictions.

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 Accounting under IFRS 16 Leases. Following the initial adoption of IFRS 16 in the prior period, the risk in the current period has reduced as lease changes are lower in frequency and value. In addition, our prior period auditor's report included a key audit matter in relation to Spring Pubs preliminary purchase price allocation. As this was a non-recurring transaction, there is no such key audit matter for the current period.

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 £1.2 million (2020: £1.7 million), which is 3.5% (2020: 5.0%) of the prior period profit before taxation, adjusted for the movement on the revaluation of properties (2020: profit before taxation, adjusted

for the movement on the revaluation of properties). We believe that profit before taxation is considered to be the primary area of focus of the group's stakeholders. We exclude the impact of the movement on the revaluation of properties as we consider it to be a material, non-recurring adjusting item which does not reflect the underlying trading performance of the group.

The use of the prior period's profit before taxation as the basis for determining materiality is appropriate under auditing standards where there is an expectation of a return to similar levels of profitability in the short term. Although there is still uncertainty over the continued impact of Coronavirus on the group, both external indicators (market forecasts and analyst reports) and Young's internal information indicate that it is reasonable to assume that Young's will return to a similar level of profitability within a year. The use of this normalised earnings basis is also supported by a history of profitability and clear evidence linking the recent decline in profitability to the Coronavirus pandemic and resulting enforced pub closures and trading restrictions. To reflect the uncertainty, we have applied a lower percentage of 3.5% to this basis in calculating our materiality (previous periods: 5.0%).

Independent auditors' report continued

We believe that the primary area of focus of the parent company's stakeholders are consistent with those of the group and despite the prior period's profit before taxation, adjusted for the movement on the revaluation of properties, being a higher figure, we have capped materiality at £1.2 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% (2020: 75%) of our planning materiality, namely £0.9 million (2020: £1.3 million). We maintained performance materiality at this percentage reflecting 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 £60,000 (2020: £85,000), 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.

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 there is 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 73, 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: International Accounting Standards in conformity with the requirements of the Companies Act 2006, 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

19 May 2021

Ernst + Young LLP

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.”

IMAGE REMOVED

Group income statement

For the 52 weeks ended 29 March 2021

	Notes	2021 £m	2020 £m
Revenue	6	90.6	311.6
Other income	9	4.7	–
Operating costs before adjusting items	7	(129.3)	(265.1)
Adjusted operating (loss)/profit		(34.0)	46.5
Adjusting items	10	(1.1)	(8.6)
Operating (loss)/profit		(35.1)	37.9
Finance costs	12	(9.9)	(8.6)
Finance charge for pension obligations	27	(0.2)	(0.2)
(Loss)/profit before tax		(45.2)	29.1
Income tax credit/(expense)	13	6.9	(9.8)
(Loss)/profit for the period attributable to shareholders of the parent company		(38.3)	19.3
		Pence	Pence
(Loss)/earnings per 12.5p ordinary share			
Basic	16	(68.23)	39.37
Diluted	16	(68.23)	39.35

All of the results above are from continuing operations.

The notes on pages 89 to 130 form part of these financial statements.
The independent auditor's report is set out on pages 74 to 81.

Group statement of comprehensive income

For the 52 weeks ended 29 March 2021

	Notes	2021 £m	2020 £m
(Loss)/profit for the period		(38.3)	19.3
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Unrealised gain/(loss) on revaluation of property	18	9.0	(9.3)
Remeasurement of retirement benefit schemes	27	0.9	(0.7)
Tax on above components of other comprehensive income		(4.0)	(3.1)
Items that will be reclassified subsequently to profit or loss:			
Fair value movement of interest rate swaps	25	2.5	0.4
Tax on fair value movement of interest rate swaps		(0.5)	–
		7.9	(12.7)
Total comprehensive (loss)/income attributable to shareholders of the parent company		(30.4)	6.6

All of the results above are from continuing operations.

The notes on pages 89 to 130 form part of these financial statements.
The independent auditor's report is set out on pages 74 to 81.

Balance sheets

At 29 March 2021

	Notes	Group		Company	
		2021 £m	2020 £m	2021 £m	2020 £m
Non-current assets					
Goodwill	17	32.5	32.5	31.0	27.7
Property and equipment	18	773.7	771.1	769.1	751.5
Right-of-use assets	19	158.0	163.4	149.2	136.9
Investment in subsidiaries	20	—	—	14.3	34.4
Deferred tax assets	26	8.6	8.3	8.6	8.3
		972.8	975.3	972.2	958.8
Current assets					
Inventories	21	2.6	3.3	2.6	3.2
Trade and other receivables	22	10.4	9.3	11.3	9.9
Income tax receivable		5.8	0.1	6.0	—
Cash		4.7	1.1	4.7	1.1
		23.5	13.8	24.6	14.2
Asset held for sale	23	1.2	0.5	1.2	0.5
Total assets		997.5	989.6	998.0	973.5
Current liabilities					
Borrowings	25	(29.8)	(50.0)	(29.8)	(50.0)
Lease liabilities	29	(4.9)	(5.3)	(4.1)	(5.0)
Derivative financial instruments	25	(1.8)	(2.4)	(1.8)	(2.4)
Trade and other payables	24	(15.8)	(33.3)	(27.5)	(43.2)
Income tax payable		—	—	—	(0.1)
		(52.3)	(91.0)	(63.2)	(100.7)
Non-current liabilities					
Borrowings	25	(143.4)	(149.2)	(143.4)	(149.2)
Lease liabilities	29	(75.3)	(77.0)	(69.1)	(59.6)
Derivative financial instruments	25	(1.4)	(3.3)	(1.4)	(3.3)
Deferred tax liabilities	26	(73.6)	(69.9)	(73.4)	(65.7)
Retirement benefit schemes	27	(6.1)	(8.2)	(6.1)	(8.2)
Other liabilities	28	—	(0.2)	—	(0.2)
		(299.8)	(307.8)	(293.4)	(286.2)
Total liabilities		(352.1)	(398.8)	(356.6)	(386.9)
Net assets		645.4	590.8	641.4	586.6
Capital and reserves					
Share capital	30	7.3	6.1	7.3	6.1
Share premium		7.6	7.5	7.6	7.5
Capital redemption reserve		1.8	1.8	1.8	1.8
Hedging reserve		(2.4)	(4.4)	(2.4)	(4.4)
Revaluation reserve		253.6	248.4	244.4	239.2
Retained earnings		377.5	331.4	382.7	336.4
Total equity		645.4	590.8	641.4	586.6

The company's loss after tax for the period was £38.1 million (2020: profit after tax £18.1 million).

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

Patrick Dardis
Chief Executive

19 May 2021

Michael Owen
Chief Financial Officer

The notes on pages 89 to 130 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 29 March 2021

	Notes	Group		Company	
		2021 £m	2020 £m	2021 £m	2020 £m
Operating activities					
Net cash generated from operations	33	(23.0)	72.5	(23.9)	71.1
Tax paid		–	(13.5)	–	(13.0)
Net cash flow from operating activities		(23.0)	59.0	(23.9)	58.1
Investing activities					
Proceeds from disposal of property and equipment		0.4	1.0	0.4	0.9
Purchases of property and equipment	18	(19.1)	(32.7)	(19.1)	(32.5)
Business combinations, net of cash acquired	14	–	(35.3)	–	(15.3)
Right-of-use assets acquired		–	(0.2)	–	(0.2)
Acquisition of subsidiary, net of cash acquired		–	–	–	(20.1)
Net cash used in investing activities		(18.7)	(67.2)	(18.7)	(67.2)
Financing activities					
Interest paid		(9.8)	(8.6)	(9.4)	(8.2)
Issued equity, net of transaction costs		84.9	–	84.9	–
Equity dividends paid	15	–	(10.5)	–	(10.5)
Payments of principal portion of lease liabilities		(4.3)	(8.1)	(3.8)	(7.3)
Repayment of borrowings		(115.5)	(8.5)	(115.5)	(8.5)
Proceeds from borrowings		90.0	36.5	90.0	36.5
Net cash flow used in financing activities		45.3	0.8	46.2	2.0
Increase/(decrease) in cash		3.6	(7.4)	3.6	(7.1)
Cash at the beginning of the period		1.1	8.5	1.1	8.2
Cash at the end of the period		4.7	1.1	4.7	1.1

The notes on pages 89 to 130 form part of these financial statements.

Group statement of changes in equity

At 29 March 2021

	Notes	Share capital ¹ £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
At 2 April 2019		12.8	1.8	(4.8)	261.5	322.5	593.8
Total comprehensive income							
Profit for the period		–	–	–	–	19.3	19.3
Other comprehensive income							
Unrealised loss on revaluation of property	18	–	–	–	(9.3)	–	(9.3)
Remeasurement of retirement benefit schemes	27	–	–	–	–	(0.7)	(0.7)
Fair value movement of interest rate swaps	25	–	–	0.4	–	–	0.4
Tax on above components of other comprehensive income	13	–	–	–	(3.8)	0.7	(3.1)
		–	–	0.4	(13.1)	–	(12.7)
Total comprehensive income		–	–	0.4	(13.1)	19.3	6.6
Transactions with owners recorded directly in equity							
Share capital issued		0.8	–	–	–	–	0.8
Dividends paid on equity shares	15	–	–	–	–	(10.5)	(10.5)
Share based payments	31	–	–	–	–	0.1	0.1
Tax on share based payments	26	–	–	–	–	(0.3)	(0.3)
Movement in shares held by The Ram Brewery Trust II		–	–	–	–	0.3	0.3
		0.8	–	–	–	(10.4)	(9.6)
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	18	–	–	–	9.0	–	9.0
Remeasurement of retirement benefit schemes	27	–	–	–	–	0.9	0.9
Fair value movement of interest rate swaps	25	–	–	2.5	–	–	2.5
Tax on above components of other comprehensive income	13	–	–	(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	31	–	–	–	–	(0.1)	(0.1)
Tax on share based payments	26	–	–	–	–	–	–
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

1 Total share capital comprises the nominal value of the share capital issued and fully paid of £7.3 million (2020: £6.1 million) and the share premium account of £7.6 million (2020: £7.5 million). Share capital issued in the period comprises the nominal value of £1.2 million (2020: £nil) and share premium of £0.1 million (2020: £0.8 million).

2 During the period, the group raised equity resulting in gross proceeds of £88.4 million. 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 and £83.6 million was recognised directly in retained earnings.

The notes on pages 89 to 130 form part of these financial statements.

Parent company statement of changes in equity

At 29 March 2021

	Notes	Share capital ¹ £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
At 2 April 2019		12.8	1.8	(4.8)	252.6	328.7	591.1
Total comprehensive income							
Profit for the period		–	–	–	–	18.1	18.1
Other comprehensive income							
Unrealised loss on revaluation of property	18	–	–	–	(9.6)	–	(9.6)
Remeasurement of retirement benefit schemes	27	–	–	–	–	(0.7)	(0.7)
Fair value movement of interest rate swaps	25	–	–	0.4	–	–	0.4
Tax on above components of other comprehensive income	13	–	–	–	(3.8)	0.7	(3.1)
		–	–	0.4	(13.4)	–	(13.0)
Total comprehensive income		–	–	0.4	(13.4)	18.1	5.1
Transactions with owners recorded directly in equity							
Share capital issued		0.8	–	–	–	–	0.8
Dividends paid on equity shares	15	–	–	–	–	(10.5)	(10.5)
Share based payments	31	–	–	–	–	0.1	0.1
Tax on share based payments	26	–	–	–	–	(0.3)	(0.3)
Movement in shares held by The Ram Brewery Trust II		–	–	–	–	0.3	0.3
		0.8	–	–	–	(10.4)	(9.6)
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	18	–	–	–	9.0	–	9.0
Remeasurement of retirement benefit schemes	27	–	–	–	–	0.9	0.9
Fair value movement of interest rate swaps	25	–	–	2.5	–	–	2.5
Tax on above components of other comprehensive income	13	–	–	(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 owner recorded directly in equity							
Share capital issued ²		1.3	–	–	–	83.6	84.9
Share based payments	31	–	–	–	–	(0.1)	(0.1)
Tax on share based payments	26	–	–	–	–	–	–
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

¹ Total share capital comprises the nominal value of the share capital issued and fully paid of £7.3 million (2020: £6.1 million) and the share premium account of £7.6 million (2020: £7.5 million). Share capital issued in the period comprises the nominal value of £1.2 million (2020: £nil) and share premium of £0.1 million (2020: £0.8 million).

² During the period, the group raised equity resulting in gross proceeds of £88.4 million. 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 and £83.6 million was recognised directly in retained earnings.

The notes on pages 89 to 130 form part of these financial statements.

Notes to the financial statements

For the 52 weeks ended 29 March 2021

1. General information

The group and parent company financial statements of Young & Co.'s Brewery, P.L.C. for the period ended 29 March 2021 were authorised for issue by the board of directors on 19 May 2021. 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 5 and in the strategic report on pages 1 to 42.

The current period and prior period relate to the 52 weeks ended 29 March 2021 and the 52 weeks ended 30 March 2020 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

The group's business activities, together with the factors likely to affect its future development and performance, financial position and its cash flows are set out within the strategic report on pages 1 to 42.

At the start of the financial year the group's financing position was strengthened through raising further debt and equity. Additional debt facilities have been obtained through accessing the CCFF, whereby £30.0 million of commercial paper with a maturity date of 13 May 2021 was secured, alongside a new revolving credit facility of £20.0 million with NatWest for an initial period of one year to May 2021. This has now been extended for a further six months to 28 November 2021, with a final further six month extension option available subject to NatWest consent. Longer-term, the £50.0 million term loan due to expire in March 2021 was replaced with a five-year facility expiring in 2025. In June 2020, the group also completed an equity issue raising gross proceeds of £88.4 million in the period.

At 29 March 2021, the group had cash in bank of £4.7 million and committed borrowing facilities of £285.0 million, of which £174.8 million was drawn down. The group expects, by the end of June 2022 (the 'going concern' period), to have available facilities of £235.0 million; it has already repaid the £30.0 million due under the CCFF and is not anticipating continuing with the £20.0 million RCF with NatWest beyond November 2021. In addition to these facilities, the group has a £10.0 million overdraft with HSBC, which is not committed.

During the period the group has also considered the effects of its then latest forecasts on its compliance with bank covenants, which were due to be tested each quarter on a 12-month rolling basis. In anticipation of breaches due to the impact of the pandemic, the group agreed with its lenders in May 2020 that the financial covenants would be replaced by a monthly available liquidity test. These initial covenant waivers have now been extended until the quarter ending March 2022. The waivers require the group to have £25.0 million of available liquidity at each month end until the quarter ending March 2022 and for total loan facilities not to exceed £220.0 million during the waiver period. In addition, they have waived any technical "cessation of business" breach of our banking facilities as a result of our pubs being closed due to the coronavirus pandemic through to the quarter end June 2021. Although there is no material uncertainty about the group's ability to comply with the minimum debt headroom covenant that is in place until March 2022, those banking covenants revert to the group's original financial covenants for the March 2022 quarterly covenant test onwards.

In response to covid-19, the group's entire pub estate has endured extended periods of Government-enforced closure and significant restrictions on trade. Although the Government has provided the roadmap to ultimately remove trade restrictions there remains a degree of uncertainty ahead. As part of the directors' consideration of the appropriateness of adopting the going concern basis, the group has modelled several scenarios for the period to the end of June 2022. The key judgements applied are the extent of disruption to trading as a result of the Government's reopening roadmap, the speed at which trade resumes and any potential future unplanned restrictions or closures. The base case scenario assumes that pubs with outdoor space reopen on 12 April, followed by all pubs reopening on 17 May and ultimately restrictions dropping away from 21 June. The more severe scenarios include a slower build of trade in the summer months, further long periods of forced closure and reduced trade through key trading periods such as December. We have assumed no significant structural changes to the business will be needed in any of the scenarios modelled.

In the base case scenario, there is significant headroom under the revised monthly available liquidity test through to March 2022 and, when covenants revert to the group's original financial covenants from March 2022 onwards, there would be significant headroom and all covenants would be fully complied with through the going concern period. However, under the more severe scenarios where our pubs may be required to close again for prolonged periods and trade might be suppressed at key times due to the reintroduction of social distancing measures, the group would still comply with revised covenants to March 2022, but on reverting to the original financial covenants for the March 2022 and June 2022 quarter end tests, certain performance-based covenants would risk being breached. Under the reverse stress test, we looked at the impact of pubs remaining closed (the trigger point) indefinitely, combined with not receiving the final six-month extension on the £20.0 million RCF, effectively dropping away end of November 2021. Under this scenario Young's would fail the monthly minimum liquidity test at the end of December 2021 and on revision to the original banking covenants in March 2022 certain performance-based covenants would be breached.

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

1. General information continued

There are numerous covid-19 impacted trading scenarios which could be modelled highlighting how Young's might deviate from the base case. Ultimately, operating profit would need to drop by almost 80% from the base model for banking covenants to fail in March 2022 when we resume the quarterly testing. To realise this level of lost profit would involve significant periods of closure, delay in the reopening roadmap and the reintroduction of trading restrictions at key periods.

Given there remains uncertainty over trade, compliance with the original banking covenants for the March 2022 test date does represent a material uncertainty to Young's that casts doubt about the group's ability to continue as a going concern. We are in regular dialogue with our lenders and, should such a scenario arise, we are confident that we would be able to agree remedies, including an extension of the covenant changes agreed already, well in advance of March 2022.

The coronavirus pandemic will continue to have an impact on Young's business during the going concern period to 27 June 2022, as restrictions are relaxed, and trade rebuilds. Based on current forecasts and sensitivities, together with the potential remedy should a covenant breach occur as described above, the Young's board is confident that with the current reopening plans, the ongoing debt structure in place and the June 2020 equity raise there are sufficient financial resources to meet all liabilities until at least 27 June 2022 even with further trading disruption or closure periods.

Accordingly, the board continues to adopt the going concern basis in preparing the financial statements. The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

2. Basis of preparation

The group and parent company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS). IFRS 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.

New Accounting Standards, Amendments and Interpretations

Covid-19-Related Rent Concessions – Amendment to IFRS 16

Amendments were made to IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid pandemic.

As a practical expedient, the group elected not to assess whether covid-related rent concessions from a lessor were a lease modification; this resulted in 23 property leases becoming within scope of the amendment due to payment holidays or rent deferrals being granted directly as a result of the covid pandemic.

Adoption of the amendment has been applied retrospectively, however 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. The accounting treatment applied varied on a lease-to-lease basis dependent upon the specific conditions of each rent concession. In general, 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. Where rent deferrals were agreed with only short-term timing differences, no changes were made to the lease liability payment schedule. In these cases, the lease liabilities and right-of-use assets remained unchanged, however a separate payable was reflected within trade and other payables in the balance sheet.

Other amendments to accounting standards applied from 31 March 2020 were as follows:

- Definition of Material – amendments to IAS 1 and IAS 8;
- Definition of a Business – amendment to IFRS 3;
- Revised Conceptual Framework for Financial Reporting; and
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7.

The application of these did not have a material impact on the group's accounting treatment and has therefore not resulted in any material changes.

The group has applied phase 1 of the interest rate benchmark reform and has identified a number of swaps that are linked to the LIBOR rate. Under phase 1 the group has elected to take the relief provided for continuation of hedge accounting and continues to hedge account on interest rate swaps. The group is in the process of assessing the transition to alternative interest rate benchmarks ahead of phase 2 of the reform being implemented.

The directors will adopt, subject to UK adoption, 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
Interest Rate Benchmark Reform – Phase 2	Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2021
IFRS 16 (amended)	Covid-19 related rent concessions beyond 30 June 2021	1 April 2021
Annual Improvements to IFRS Standards	Updates to IFRS 9 and IFRS 16	1 January 2022
IAS 1 (amended)	Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 1 (amended)	Disclosure of Accounting Policies	1 January 2023
IAS 8 (amended)	Definition of Accounting Estimates	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 only in the group 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 have been granted to lessees, and where a rent concession has been granted the remaining consideration has been 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.

(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.

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

3. Summary of significant accounting policies continued

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 (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, plant and equipment are treated as disposals in the period of their write-down.

(g) Asset held for sale

Non-current assets 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.

(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. 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 impairment under 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.

(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.

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

3. Summary of significant accounting policies continued

(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.

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

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.

(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 as permitted by IFRS 9. 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 31). 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 31). 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.

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

3. Summary of significant accounting policies continued

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.

(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 9.

Government grants

Coronavirus Job Retention Scheme ('CJRS')

Under this scheme, HMRC reimburses up to 80% of the wages of certain employees who have been furloughed up to a maximum of £2,500 per employee per month. The scheme is designed to compensate for staff costs, so amounts received are recognised in the income statement over the same period as the costs to which they relate. In the income statement, operating costs are shown net of CJRS grant income received.

Eat Out to Help Out

From 3 to 31 August, HMRC offered a 50% discount of 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 income statement, revenue includes amounts reimbursed from HMRC in respect of the scheme.

Government grant income

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 2021. Income relating to the various grants has been recognised in other income in the income statement.

Covid Corporate Financing Facility ('CCFF')

A 364-day commercial paper issued to the Bank of England at a favourable yield is deemed to constitute a government grant. The debt has been 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 has been 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.

Government assistance

Business rates relief

Businesses in the retail, hospitality and leisure sectors in England do not have to pay business rates for the 2020 to 2021 tax year. No business rate charge has therefore been recognised in the income statement for the period ending 29 March 2021.

Deferred VAT payments

Under this assistance, eligible businesses were able to defer VAT payments due between 20 March 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.

As a result of covid-19 the group has experienced a significant decline in trading activity. Accordingly, this has had an impact upon the key estimates, judgements and assumptions used in the year 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 14 and 18.

(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 and pre-tax discount rates. See notes 3(h) and 17.

(c) Depreciation

Depreciation is provided so as to write down the assets to their residual values over the estimated useful lives. The selection of these residual values and useful lives requires the use of estimates. See notes 3(f) and 18.

(d) 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 27.

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:

(e) Business combinations

When assets are acquired, management determines whether the assets form a business combination. 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), 14, 17 and 18.

(f) 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), 13 and 26.

(g) 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 29.

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

5. 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 has two operating segments: managed houses and the Ram Pub Company. The managed house segment operates pubs. Revenue is derived from sales of drink, food and accommodation. The Ram Pub Company 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.

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	Ram Pub Company £m	Segments total £m	Unallocated £m	Total £m
2021					
Sales of goods	84.5	2.2	86.7	–	86.7
Accommodation sales	2.5	–	2.5	–	2.5
Total revenue from contracts with customers	87.0	2.2	89.2	–	89.2
Rental income	–	1.1	1.1	0.3	1.4
Total revenue recognised	87.0	3.3	90.3	0.3	90.6
Adjusted operating loss	(18.6)	(0.7)	(19.3)	(14.7)	(34.0)
Adjusting items	(0.6)	0.1	(0.5)	(0.6)	(1.1)
Operating loss	(19.2)	(0.6)	(19.8)	(15.3)	(35.1)
2020					
Sales of goods	284.5	8.8	293.3	–	293.3
Accommodation sales	14.0	–	14.0	–	14.0
Total revenue from contracts with customers	298.5	8.8	307.3	–	307.3
Rental income	0.6	3.3	3.9	0.4	4.3
Total revenue recognised	299.1	12.1	311.2	0.4	311.6
Adjusted operating profit/(loss)	59.9	4.3	64.2	(17.7)	46.5
Adjusting items	(7.0)	(1.4)	(8.4)	(0.2)	(8.6)
Operating profit/(loss)	52.9	2.9	55.8	(17.9)	37.9

£0.3 million of unallocated income (2020: £0.4 million) is rental income derived from unlicensed properties.

The following is a reconciliation of the operating profit to the profit before tax:

	2021 £m	2020 £m
Operating (loss)/profit	(35.1)	37.9
Finance costs	(9.9)	(8.6)
Finance charge for pension obligations	(0.2)	(0.2)
(Loss)/profit before tax	(45.2)	29.1

Balance sheet

2021	Managed houses £m	Ram Pub Company £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	898.7	63.0	961.7	35.8	997.5
Other segmental information					
Depreciation of property, equipment and right-of-use assets (note 18, note 19)	(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 10, note 18)	0.9	0.9	1.8	–	1.8
2020					
Segment assets	898.4	67.9	966.3	13.4	979.7
Deferred tax assets	–	–	–	8.3	8.3
Cash	–	–	–	1.1	1.1
Asset held for sale	–	0.5	0.5	–	0.5
Total assets	898.4	68.4	966.8	22.8	989.6
Other segmental information					
Depreciation of property, equipment and right-of-use assets (note 18, note 19)	(29.8)	(2.3)	(32.1)	(1.0)	(33.1)
Additions to non-current assets (note 18) ¹	79.7	3.8	83.5	0.2	83.7
Net movements in property valuation through income statement (note 10, note 18)	(3.9)	(1.3)	(5.2)	(0.1)	(5.3)

¹ Non-current assets for this purpose consist of property and equipment, right-of-use assets and intangible assets.

6. Revenue

The recognition of revenue under each of the group's material revenue streams is as follows:

	2021 £m	2020 £m
Sales of goods	86.7	293.3
Accommodation sales	2.5	14.0
Total revenue from contracts with customers	89.2	307.3
Rental income	1.4	4.3
Total revenue recognised	90.6	311.6

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

7. Operating costs before adjusting items

	2021 £m	2020 £m
Changes in inventories of finished goods and raw materials	0.7	0.4
Raw materials, consumables and finished goods used	20.3	71.0
Employment costs (note 8(a))	92.1	102.3
Depreciation of properties (note 18)	26.1	25.6
Depreciation of right-of-use assets (note 19)	7.6	7.5
Expense relating to short-term, low value or variable rent payments (note 29)	0.2	0.4
Other operating costs ¹	(17.7)	57.9
	129.3	265.1
Auditor's remuneration in respect of audit of the group financial statements	0.3	0.2

¹ Credits of £43.3 million (2020: £1.4 million) in respect of the Coronavirus Job Retention Scheme have been recognised within other operating costs as permitted by IAS 20.

8. Employment

(a) Costs and employee numbers

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Wages and salaries	84.2	93.1	82.8	93.0
Social security	6.2	7.2	6.2	7.2
Pension and health care schemes	1.7	2.0	1.7	2.0
Employment costs	92.1	102.3	90.7	102.2

The group's and the company's average monthly number of employees was 4,714 and 4,600 respectively (2020 group and company: 4,763 and 4,742 respectively). The group's and the company's number of employees at the period end was 4,185 (2020 group and company: 5,145 and 4,894 respectively).

The group's and the company's average monthly number of operational employees was 4,590 and 4,476 respectively (2020 group and company: 4,632 and 4,611 respectively). The group's and the company's number of operational employees at the period end was 4,071 (2020 group and company: 5,016 and 4,765 respectively).

The group's and the company's average monthly number of administration employees was 123 (2020 group and company: 132). The group's and the company's number of administration employees at the period end was 114 (2020 group and company: 129).

(b) Directors' emoluments

	Basic salary and fees ¹ 2021 £000	Basic salary and fees ¹ 2020 £000	Benefits ² 2021 £000	Benefits ² 2020 £000	Bonus ³ 2021 £000	Bonus ³ 2020 £000	Total excluding pension costs 2021 £000	Total excluding pension costs 2020 £000
Stephen Goodyear ⁴	92	95	–	2	–	–	92	97
Patrick Dardis	435	457	2	1	–	–	437	458
Michael Owen ⁵	289	169	2	1	–	–	291	170
Simon Dodd ⁶	220	131	17	10	–	–	237	141
Tracy Dodd	213	224	2	3	–	–	215	227
Roger Lambert	40	42	–	–	–	–	40	42
Nick Miller	40	42	–	–	–	–	40	42
Ian McHoul	40	42	–	–	–	–	40	42
Torquil Sligo-Young ⁷	105	164	16	22	–	–	121	186
Trish Corzine ⁸	31	42	–	–	–	–	31	42
Total	1,505	1,408	39	39	–	–	1,544	1,447

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 2021, no bonus scheme was offered, and the remuneration committee determined that no discretionary bonuses should be paid. For 2020, 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 FY2019/20.

4 The amount shown in the 'Benefits 2020' column was a cash contribution paid towards private medical insurance. For 2021, it is included in the amount shown in the 'Basic salary and fees 2021' column.

5 Mike Owen was appointed to the board on 9 September 2019.

6 Simon Dodd was appointed to the board on 2 September 2019.

7 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 8(e) on page 102 sets out the gains made on the exercise of share options.

8 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. The company accounts for retirement benefits in accordance with IAS 19; detailed disclosures covering this are set out in note 27. No director was accruing any defined benefit under the scheme as at 29 March 2021. 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.

Defined contribution pension scheme

The company operates a defined contribution pension scheme. As at 29 March 2021, 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 £170,400: for Mike Owen – £8,817 (2020: £5,817), for Simon Dodd – £9,972 (2020: £5,817) and for Tracy Dodd – £9,972 (2020: £9,972). The company contribution rates for these three individuals are aligned with the contribution rates for staff at Riverside 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 27).

(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 his or her 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 his or her retirement date. No A shares were released to scheme members during the period (2020: 3,060). As at 29 March 2021, an accrued entitlement effectively remained in respect of 712 A shares (2020: 712 A shares).

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

8. Employment continued

(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. Due to the impact of coronavirus 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 2020; the intention is to start sending them out again in 2021.

Of the directors who served throughout or during the period, only the following have an entitlement to A shares under the scheme:

	At 30 March 2020	Granted	Exercised	Lapsed	At 29 March 2021	Exercise price (pence per share) ¹	Ordinarily exercisable from	Ordinarily exercisable to	Gains made on exercise of share options (£) ²
Torquil Sligo-Young ²	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 per share and 1,066p 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 1,332p 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. Torquil Sligo-Young exercised a share option (over 933 A shares) in the prior period – that option had an exercise price of 964p per share and its exercise resulted in a gain of £6,400.

9. Government grants and assistance

During the 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 29 March 2021 was as follows:

Government grant scheme	Income statement line impacted	2021 £m	2020 £m
Eat Out to Help Out	Revenue	2.4	–
Government grant income	Other income	4.7	–
Coronavirus Job Retention Scheme ('CJRS')	Operating costs before adjusting items	43.3	1.4
Covid Corporate Financing Facility ('CCFF')	Finance costs	0.1	–
Total government grants received		50.5	1.4

At 29 March 2021, £29.8 million has been recognised within current borrowings in the balance sheet representing the fair value of the CCFF, with a further £0.2 million recognised within trade and other payables as deferred income, representing the favourable conditions granted by the Government.

In respect of the CJRS, £4.6 million remained outstanding at 29 March 2021, and a further £1.3 million remains outstanding at 29 March 2021 in respect of government grant income. Both these amounts have been recognised within trade and other receivables.

The group additionally took advantage of the business rate holiday, saving £15.6 million in the period, reduced 5% VAT on eligible sales and the deferral of VAT payments. See note 3(w) for further information.

10. Adjusting items

	2021 £m	2020 £m
Amounts included in operating profit:		
Upward movement on the revaluation of properties (note 18) ¹	3.4	1.7
Downward movement on the revaluation of properties (note 18) ¹	(1.6)	(7.0)
Group reorganisation ²	(1.4)	–
Covid restructuring ³	(0.5)	–
Tenant compensation ⁴	(0.5)	(1.7)
Net loss on disposal of properties ⁵	(0.5)	(0.6)
Acquisition costs ⁶	–	(1.0)
	(1.1)	(8.6)
Tax on adjusting items:		
Tax attributable to adjusting items	0.2	(1.6)
Total adjusting items after tax	(0.9)	(10.2)

- 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 £3.4 million (2020: £1.7 million) representing reversals of previous impairments recognised in the income statement, and a downward movement of £1.6 million (2020: £7.0 million), representing downward movements in excess of amounts recognised in equity. These resulted in a net upward movement of £1.8 million (2020: £5.3 million net downward) which has been recognised in the income statement. The upward movement for the period ended 29 March 2021 was split between land and buildings of £1.8 million (2020: £5.3 million downward) and fixtures and fittings of £nil (2020: £nil). See note 5 for segmental information and note 18 for information on the revaluation of properties.
- 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.
- 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.
- 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. During the prior period, tenant compensation of £1.7 million was paid to the previous tenants of the White Bear (Tunbridge Wells), New Inn (Ealing), Constitution (Camden) and an unlicensed property (Wandsworth) to terminate their lease agreements early.
- 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 (Catford), the Surprise (Chelsea) and the Greyhound (Hendon) and the carrying value of their assets, including goodwill, at the dates of disposal. In the prior period, the carrying value of the Horse Pond Inn was previously derecognised from property and equipment and instead classified as an asset held for sale. Proceeds of £0.4 million were recognised in respect of the sale of the Horse Pond Inn 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 lease expiry of the Builder's Arms (Chelsea), termination of the lease of the Alphabet (Islington) and the sale of the Bristol Ram (Bristol) and the carrying value of their assets, including goodwill, at the dates of disposal.
- The prior period acquisition costs related to the purchase of Spring Pub Company Limited, a group of five sites acquired on 12 March 2020, along with the White Bear (Tunbridge Wells) and the Constitution (Camden). They included legal and professional fees and stamp duty land tax (note 14).

11. 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 10. All the results below are from continuing operations.

	2021			2020		
	Unadjusted £m	Adjusting items £m	Adjusted £m	Unadjusted £m	Adjusting items £m	Adjusted £m
EBITDA	(3.2)	2.9	(0.3)	76.3	3.3	79.6
Depreciation and net movement on the revaluation of properties	(31.9)	(1.8)	(33.7)	(38.4)	5.3	(33.1)
Operating (loss)/profit	(35.1)	1.1	(34.0)	37.9	8.6	46.5
Net finance costs	(9.9)	–	(9.9)	(8.6)	–	(8.6)
Finance charge for pension obligations	(0.2)	–	(0.2)	(0.2)	–	(0.2)
(Loss)/profit before tax	(45.2)	1.1	(44.1)	29.1	8.6	37.7

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For the 52 weeks ended 29 March 2021

12. Finance costs

	2021 £m	2020 £m
Bank loans and overdrafts	7.3	6.1
Interest on lease liabilities (note 29)	2.6	2.5
	9.9	8.6

13. Taxation

The major components of income tax (credit)/expense for the years ended 29 March 2021 and 30 March 2020 are:

Tax (credited)/charged in the group income statement	2021 £m	2020 £m
Current income tax		
Current tax (credit)/expense	(5.8)	8.6
	(5.8)	8.6
Deferred tax		
Relating to origin and reversal of temporary differences	(1.6)	(0.4)
Adjustment in respect of deferred tax of prior periods	0.5	–
Change in corporation tax rate	–	1.6
	(1.1)	1.2
Income tax (credited)/charged in the income statement	(6.9)	9.8
Deferred tax in the group income statement		
Property revaluation and disposals	(0.1)	1.4
Capital allowances	(0.2)	(1.2)
Retirement benefit schemes	0.2	0.6
Share based payments	–	0.3
Trade losses	(1.0)	0.1
Deferred tax (credited)/charged in the income statement	(1.1)	1.2
Deferred tax in the group statement of other comprehensive income		
Property revaluation and disposals	3.8	(1.5)
Retirement benefit schemes	0.2	(0.1)
Interest rate swaps	0.5	0.1
Change in corporation tax rate	–	4.6
Deferred tax charged to other comprehensive income	4.5	3.1

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 29 March 2021 and 30 March 2020 respectively is as follows:

	2021 £m	2020 £m
Accounting (loss)/profit before income tax	(45.2)	29.1
At the group's statutory income tax rate of 19% (2020: 19%)	(8.6)	5.6
Tax effects of:		
Expenses not deductible for tax purposes ¹	1.4	3.2
Recognition of property revaluation, rollover claim and other property movements	(0.1)	(0.3)
Non-taxable income	(0.1)	(0.3)
Remeasurement of deferred tax – change in corporation tax rate	–	1.6
Prior period adjustment – deferred tax	0.5	–
Total tax (credit)/expense	(6.9)	9.8

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 deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 19%.

14. Business combinations

Acquisitions in 2021

In the current period, the group and the company have made no business acquisitions and no further amendments to the fair value of business combinations.

Acquisitions in 2020

Spring Pub Company Limited

In the prior period, the group and the company acquired the entire issued share capital of Spring Pub Company Limited, a non-listed company incorporated in England and specialising in the operation of pubs. Total cash consideration was £29.9 million, of which £20.1 million was in respect of share capital and £9.8 million was for the freehold of site leased by Spring Pub Company Limited. Spring Pub Company Limited consisted of five premium managed houses in prime locations throughout Surrey and South West London which complement the group's current pub estate.

The fair values of the identifiable assets and liabilities of Spring Pub Company Limited as at the date of acquisition were:

	Provisional fair value £m
Identifiable assets and liabilities	
Property and equipment (note 18)	24.3
Right-of-use assets (note 19)	15.0
Inventories	0.1
Trade and other receivables	0.5
Trade and other payables	(1.0)
Lease liabilities (note 29)	(8.3)
Deferred tax on fair value adjustment	(4.0)
Net assets	26.6
Goodwill	3.3
Cash consideration on acquisition of Spring Pub Company business	29.9

The fair value of property and equipment on acquisition was valued externally by Fleurets, independent Chartered Surveyors, taking into account the properties' highest and best value. The valuation was based on information such as current and historic levels of turnover, gross profit, wages and overheads and resultant EBITDA. The valuers had then applied an appropriate multiplier to the EBITDA.

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 market terms.

During the prior period, £3.3 million of goodwill was recognised in respect of the acquisition of Spring Pub Company Limited. This was largely generated from deferred tax liabilities which arose on the fair value adjustment of property, equipment and right-of-use assets. None of the goodwill recognised was expected to be deductible for income tax purposes. The group incurred £0.5 million of costs associated with the acquisition, which had been recorded as adjusting items (note 10).

In the prior period, between the date of acquisition and the balance sheet date, Spring Pub Company Limited contributed £0.2 million of revenue and £0.1 million of operating loss. If the acquisition had taken place at the beginning of the year, revenue would have increased by £12.2 million and operating profit would have increased by £3.4 million.

Other business combinations

In the prior period, the group and the company acquired the White Bear (Tunbridge Wells) and the Constitution (Camden) as business combinations for considerations totalling £5.4 million. The aggregated fair value of the identifiable assets and liabilities of the acquired businesses was property and equipment of £5.4 million and inventories of £nil. The group incurred £0.5 million of costs associated with the acquisitions, which have had recorded within operating adjusting items.

In the prior period, between the date of acquisition and the balance sheet date, the White Bear and the Constitution had contributed £1.2 million of revenue and £nil to the operating profit of the group. If the acquisition had been completed at the beginning of the previous year, group revenue for the period would have been expected to increase by £2.0 million and the group operating profit would have increased by £0.3 million.

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

14. Business combinations continued

Cash flow from business combinations

	2021 £m	2020 £m
Spring Pub Company Limited	–	(29.9)
Other business combinations	–	(5.4)
Total net cash outflow	–	(35.3)

15. Dividends on equity shares

	2021 pence per share	2020 pence per share	2021 £m	2020 £m
Final dividend (previous period)	–	10.81	–	5.3
Interim dividend (current period)	–	10.57	–	5.2
	–	21.38	–	10.5

The table above sets out dividends that have been paid. The board has decided that it is not appropriate to recommend payment of a final dividend in respect of the period ended 29 March 2021.

16. (Loss)/earnings per ordinary share

(a) (Loss)/earnings

	2021 £m	2020 £m
(Loss)/profit attributable to equity shareholders of the parent	(38.3)	19.3
Adjusting items	1.1	8.6
Tax attributable to above adjustments	(0.2)	1.6
Adjusted (loss)/earnings after tax	(37.4)	29.5

	Number	Number
Basic weighted average number of ordinary shares in issue	56,132,368	49,018,801
Dilutive potential ordinary shares from outstanding employee share options	–	28,901
Diluted weighted average number of shares	56,132,368	49,047,702

(b) Basic (loss)/earnings per share

	Pence	Pence
Basic	(68.23)	39.37
Effect of adjusting items	1.60	20.81
Adjusted basic (loss)/earnings per share	(66.63)	60.18

(c) Diluted (loss)/earnings per share

	Pence	Pence
Diluted	(68.23)	39.35
Effect of adjusting items	1.60	20.80
Adjusted diluted (loss)/earnings per share	(66.63)	60.15

The basic (loss)/earnings per share figure is calculated by dividing the net (loss)/profit for the period attributable to equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted (loss)/earnings per share are calculated on a similar basis taking into account dilutive potential shares under our SAYE scheme. 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. During the prior period, there were 28,901 dilutive shares (see notes 8(e) and 31).

Adjusted (loss)/earnings per share are presented to eliminate the effect of the adjusting items and the tax attributable to those items on basic and diluted (loss)/earnings per share.

17. Goodwill

Goodwill is recognised in respect of the following acquisitions for group and company:

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £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	–
Smiths of Smithfield Limited	1.1	1.1	1.1	1.1
580 Limited	0.9	0.9	0.9	0.9
At 29 March 2021	32.5	32.5	31.0	27.7

	Group £m	Company £m
Cost		
At 2 April 2019	31.4	18.3
Acquisitions	3.3	9.8
At 30 March 2020	34.7	28.1
Acquisitions	–	3.3
At 29 March 2021	34.7	31.4
Amortisation		
At 2 April 2019	1.8	0.2
Disposals	0.4	0.2
At 30 March 2020	2.2	0.4
Disposals	–	–
At 29 March 2021	2.2	0.4
Carrying amount		
At 2 April 2019	29.6	18.1
At 30 March 2020	32.5	27.7
At 29 March 2021	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 current period, the trade and assets of Spring Pub Company Limited were transferred in full into Young's at consolidated book value. As a result, associated goodwill has been transferred into Young's creating goodwill of £3.3 million within the company.

During the prior period, £3.3 million of goodwill was recognised in respect of the acquisition of Spring Pub Company Limited. This was largely generated from deferred tax liabilities which arose on the fair value adjustment of property, equipment and right-of-use assets. None of the goodwill recognised was expected to be deductible for income tax purposes.

During the prior period, the lease of the Builders Arms (Chelsea) expired and no longer formed part of Geronimo group and the managed houses segment. The relative value of goodwill associated with the Builders Arms, £0.4 million, had been expensed and classified within adjusting items.

In the prior period, the trade and assets of the Redcomb group, with the exception of a pre-defined list of excluded assets, were transferred into Young's at consolidated book value. As a result, associated goodwill had been transferred into Young's creating goodwill of £8.7 million within the company. The properties within Smiths of Smithfield also transferred into Young's. As the goodwill relating to Smiths of Smithfield arose from deferred tax only, both the goodwill and deferred tax liability transferred into the company accordingly in the prior period.

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 impact of coronavirus in the short term, followed by a return to full trade in the year commencing 30 March 2021. No impairment has been recognised in the current period. For all cash generating units, cash flows assume 1.4% growth (2020: 2.0%), with the exception of Smiths of Smithfield Limited where growth rates increase over a five-year period to reflect the anticipated arrival of Crossrail in 2022 and the opening of the Museum of London in 2024. The pre-tax discount rate applied to all cash flow projections is 8.8% (2020: 7.7%).

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 due to the impact of the coronavirus pandemic, several scenarios have been modelled. Management have considered the impact of an increase in either the pre-tax

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For the 52 weeks ended 29 March 2021

17. Goodwill continued

discount rate to 10.3% or a reduction of EBITDA by 15% and none of the models are sensitive to an impairment with these variables with the exception of Smiths of Smithfield Limited, which a small impairment would be recognised with a change in these variables. The model includes a number of assumptions, including those around covid-19, and assumes that Smiths of Smithfield will return to pre-pandemic trading as the pandemic subsides in the financial year commencing 30 March 2021.

18. Property and equipment

Cost or valuation	Group			Company		
	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m
At 2 April 2019	693.3	148.0	841.3	668.8	141.3	810.1
Additions	6.6	26.1	32.7	6.5	26.0	32.5
Business combinations	27.1	2.6	29.7	14.4	0.9	15.3
Transfers from subsidiary companies	–	–	–	20.8	2.1	22.9
Disposals	(1.7)	(0.8)	(2.5)	(1.0)	(0.6)	(1.6)
Transfer out to asset held for sale	(0.8)	(0.4)	(1.2)	(0.8)	(0.4)	(1.2)
Fully depreciated assets	(0.2)	(14.8)	(15.0)	(0.2)	(14.8)	(15.0)
Revaluation ¹						
– upward movement in valuation	19.1	–	19.1	19.1	–	19.1
– downward movement in valuation	(29.3)	–	(29.3)	(28.8)	–	(28.8)
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
Depreciation and impairment						
At 2 April 2019	27.8	62.9	90.7	26.6	62.2	88.8
Depreciation charge	1.6	24.0	25.6	1.4	23.5	24.9
Disposals	(1.0)	(0.3)	(1.3)	(0.3)	(0.3)	(0.6)
Transfer out to asset held for sale	(0.6)	(0.1)	(0.7)	(0.6)	(0.1)	(0.7)
Fully depreciated assets	(0.2)	(14.8)	(15.0)	(0.2)	(14.8)	(15.0)
Revaluation ¹						
– upward movement in valuation	7.0	–	7.0	7.0	–	7.0
– downward movement in valuation	(2.6)	–	(2.6)	(2.6)	–	(2.6)
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
At 2 April 2019	665.5	85.1	750.6	642.2	79.1	721.3
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

¹ The group's net book value uplift during the period was £10.8 million (2020: an impairment £14.6 million). This uplift was recognised either in the revaluation reserve or the income statement, as appropriate.

The impact of the revaluations was as follows:

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Income statement				
Revaluation loss charged as impairment	(1.6)	(7.0)	(1.6)	(7.0)
Reversal of past impairment	3.4	1.7	3.4	1.7
Net uplift/(impairment) recognised in the income statement	1.8	(5.3)	1.8	(5.3)
Revaluation reserve				
Unrealised revaluation surplus	15.0	20.0	15.0	20.0
Reversal of past surplus	(6.0)	(29.3)	(6.0)	(29.6)
Net uplift/(impairment) recognised in the revaluation reserve	9.0	(9.3)	9.0	(9.6)
Net revaluation increase/(decrease) in property	10.8	(14.6)	10.8	(14.9)

(a) Revaluation of property and equipment

On an annual basis, a portion of 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 remaining portion of the estate is valued on a desktop basis by Savills and by Brendan Brammer BSc (Hons) MRICS, the group's interim director of property and tenancies and a Chartered Surveyor, based upon the information provided by the group.

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 valuation contains a material uncertainty given the lack of comparable transactional activity since the onset of coronavirus and the uncertainty over future trade at the valuation date.

The external valuations made are consistent and in support with the values derived by Brendan Brammer. These valuations and the assumptions used are reviewed by the board and the 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 (2020: Level 3) in the fair value hierarchy.

The key inputs to valuation on property and equipment are as follows:

2021	Tenure	EBITDA multiple range		Number of pubs	Value of pubs £m
		Low	High		
Managed houses	Freehold	7.0	12.0	92	434.9
Ram Pub Company	Freehold	7.0	12.0	31	29.8
Managed houses	Freehold	Spot	Spot	58	236.5
Ram Pub Company	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 addition, the group's estate includes a pub which has been reclassified as asset held for sale (note 23). The total number of pubs owned by the group is 273 (2020: 276, including one pub reclassified as asset held for sale at period end).

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

18. Property and equipment continued

2020	Tenure	EBITDA multiple range		Number of pubs	Value of pubs £m
		Low	High		
Managed houses	Freehold	7.0	12.0	115	551.9
Ram Pub Company	Freehold	7.0	12.0	42	39.3
Managed houses	Freehold	Spot	Spot	30	109.1
Ram Pub Company	Freehold	Spot	Spot	17	17.0
Ram Pub Company	Freehold	Yield	Yield	1	4.9
Segment total				205	722.2
Leasehold properties				70	41.2
Unallocated				–	7.7
Total net book value at 30 March 2020				275	771.1

If, at 2021, the property estate had been carried at historical cost less accumulated depreciation and impairment losses, its carrying amount would have been approximately £459.6 million (2020: £467.8 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 £46.2 million (2020: £59.1 million). Increasing the EBITDA used in the revaluation by 10% would increase the valuation by £46.2 million (2020: £59.1 million).

(b) Disaggregation of property and equipment

The table below sets out the disaggregation of property and equipment between pubs used by the group and pubs leased to tenants.

Land and buildings	Used by group £m	Leased to tenants £m	Total £m
As at 2 April 2019	617.1	48.4	665.5
Additions, disposals and transfers	33.2	(0.4)	32.8
Depreciation charge	(1.5)	(0.1)	(1.6)
Revaluation	(14.2)	(0.4)	(14.6)
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

Fixtures, fittings and equipment	Used by group £m	Leased to tenants £m	Total £m
As at 2 April 2019	78.3	6.8	85.1
Additions, disposals and transfers	25.2	2.7	27.9
Depreciation charge	(22.1)	(1.9)	(24.0)
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

(c) Capital commitments

	2021 £m	2020 £m
Capital commitments not provided for in these financial statements and for which contracts have been placed amounted to:	10.6	0.8

19. 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 2 April 2019	147.8	0.3	0.1	148.2	125.4	0.3	0.1	125.8
Additions	2.8	0.2	–	3.0	12.5	0.2	–	12.7
Business combinations	15.0	–	–	15.0	–	–	–	–
Lease amendments	4.7	–	–	4.7	4.7	–	–	4.7
Depreciation	(7.3)	(0.2)	–	(7.5)	(6.1)	(0.2)	–	(6.3)
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

The depreciation charge has been recognised within operating costs in the income statement.

The group lease amendments include £0.7 million of rent holidays treated as lease modifications which have been offset against £0.7 million of rent amendments in the period.

The group tests right-of-use assets for impairment when there are indicators that the assets may have been impaired. The loss of trade following coronavirus was considered an indicator of impairment. There will be an impairment if the recoverable amount is lower than carrying value. Recoverable amount is value in use. The inputs to the impairment model are consistent with those applied to the goodwill impairment test (note 17). 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 have performed a sensitivity analysis on the impairment test. Given the uncertainty surrounding future trade levels, due to the impact of the coronavirus pandemic, several scenarios have been modelled. A 50% decline in year 1 and year 2 EBITDA, with trade returning to normal levels in year 3 and all other assumptions remaining the same, would result in an impairment of £1.0 million on the right-of-use assets.

20. Investments in subsidiaries

Cost and net book value	Company £m
At 1 April 2019	35.8
Additions	20.1
Impairment	(21.5)
At 30 March 2020	34.4
Additions	–
Impairment	(20.1)
At 29 March 2021	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
Spring Pub Company Limited ²	England	100
The Canbury Arms Limited ²	England	100

¹ The shares in this subsidiary undertaking are held indirectly.

² Expected to be struck off and dissolved at its own request.

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For the 52 weeks ended 29 March 2021

20. Investments in subsidiaries continued

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 current 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.

During the prior period, Geronimo Airports Limited was dissolved, having gone into members' voluntary liquidation in December 2017; before that, it was a wholly owned subsidiary of the company.

During the prior period, the company acquired the entire issued share capital of Spring Pub Company Limited, the parent company of The Canbury Arms Limited. This created an additional investment of £20.1 million.

During the prior period, impairment losses of £6.7 million and £14.8 million were recognised on the investments in Smiths of Smithfield Limited and the Redcomb group of companies respectively; these were as a result of the majority of the assets within those companies being transferred to the company.

Each of the company's subsidiary undertakings has its registered office located at Riverside House, 26 Osiers Road, Wandsworth, London SW18 1NH.

21. Inventories

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Finished goods and raw materials	2.6	3.3	2.6	3.2

Inventory is stated net of a provision for obsolete finished goods and raw materials of £nil (2020: £0.2).

22. Trade and other receivables

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Trade receivables	0.8	2.7	0.8	2.7
Other receivables	7.5	3.8	7.5	3.8
Prepayments	2.1	2.8	2.1	2.4
Amounts due from subsidiaries	–	–	0.9	1.0
	10.4	9.3	11.3	9.9

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 £4.6 million (2020: £1.4 million) receivable from the Government in respect of the Coronavirus Job Retention Scheme, £1.3 million (2020: £nil) in respect of government grant income claimed but not received and £0.6 million (2020: £1.3 million) for fees in respect of project costs.

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 29 March 2021 was £0.9 million (2020: £1.1 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 29 March 2021, there were expected lifetime credit losses recognised against the trade receivables of £0.5 million (2020: £0.6 million). The table below provides an indication of movement during the period.

	2021 £m	2020 £m
Opening balance	0.6	0.7
Amounts written off	(0.1)	(0.1)
	0.5	0.6

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
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
2020	3.3	2.2	0.2	0.3	0.1	0.5
Percentage loss rate		9%	26%	32%	37%	42%
Expected lifetime credit loss	0.6	0.2	0.1	0.1	–	0.2

23. Asset held for sale

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Property held for sale	1.2	0.5	1.2	0.5

At 29 March 2021, one property has been classified as held for sale. The property, which sits within the Ram Pub Company operating segment, has been identified as asset held for sale based on its fit with the remaining Young's estate. Sale is expected within 12 months from the reporting date. No material change in value was recognised on reclassifying the property as held for sale.

In the prior period, one property, which sat within the Ram Pub Company operating segment, had been reclassified as held for sale and no material change in value was recognised on reclassification. The sale occurred during the current period.

24. Trade and other payables

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Trade payables	3.1	16.1	3.1	16.1
Other tax and social security	0.9	5.7	0.9	5.7
Other creditors	5.2	6.1	5.3	5.9
Accruals and deferred income	6.6	5.4	6.6	5.0
Amounts due to subsidiaries	–	–	11.6	10.5
	15.8	33.3	27.5	43.2

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.

25. 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 agreed a covenant waiver in relation to debt facilities which during the year required the group to maintain a liquidity headroom of at least £20.0 million. The waiver has been comfortably complied with. The group finances the business with a mixture of equity (note 30) and debt (note 33).

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.

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

25. Capital management and financial instruments continued

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 26. The board seeks to manage the financial risks in the following manner:

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 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 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
2021	+1.0	(0.10)
	-0.5	0.05
2020	+1.0	(0.70)
	-0.5	0.30

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 (note 22). The company is not considered to have any exposure to credit risk from amounts due from subsidiaries. In light of covid-19 the group has considered credit risk in the expected credit loss model and has modified the loss rate to reflect an increased level of risk.

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 12-month rolling basis. Due to the ongoing covid-19 disruption, the group has agreed with its lending banks and private placement lenders that the quarterly financial covenants have been replaced by monthly debt headroom covenants. This test will continue to occur at the end of each Young's financial period through to and including March 2022. 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 (note 1).

(a) Derivative financial instruments: interest rate swaps

	Group and company	
	2021 £m	2020 £m
Current liabilities	(1.8)	(2.4)
Non-current liabilities	(1.4)	(3.3)
Total financial liabilities	(3.2)	(5.7)
Fair value movement of interest rate swaps recognised in other comprehensive income	2.5	0.4

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 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

2021	Group and company					Fair value 2021 £m	Book value 2021 £m
	Term or expiry date	Effective interest rate when hedged	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 one-month or three-month LIBOR (L) plus the margin shown.

² £35 million private placement has a fixed rate of interest at 3.3%.

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
Financial liabilities	173.2	173.2
Unsecured current lease liabilities	4.9	4.1
Unsecured non-current lease liabilities	75.3	69.1
Financial liabilities	253.4	246.4

2020	Term or expiry date	Group and company			Fair value 2020 £m	Book value 2020 £m
		Effective interest rate	Variable interest rate when unhedged ¹	Period rate fixed		
Secured						
£30 million loan swapped into fixed rate	March 2021	4.34%	L+1.50%	1 year	30.7	30.0
£20 million loan swapped into fixed rate	March 2021	2.23%	L+1.50%	1 year	20.1	20.0
£30 million loan swapped into fixed rate	March 2023	5.97%	L+0.95%	3 years	34.1	30.0
£10 million loan swapped into fixed rate	May 2024	2.77%	L+1.35%	4 years	10.3	9.9
£10 million loan swapped into fixed rate	May 2024	2.71%	L+1.50%	4 years	10.3	9.9
£35 million private placement at fixed rate ²	July 2039	Fixed	Fixed	19 years	34.6	34.6
£100 million revolving credit facility	March 2025	Variable	L+0.75%	None	64.8	64.8
					204.9	199.2

¹ For variable rate loans, the interest rate payable is either one-month or three-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 29 March 2021

25. Capital management and financial instruments continued

	Group 2020 £m	Company 2020 £m
Current borrowings	50.0	50.0
Non-current borrowings	149.2	149.2
Financial liabilities	199.2	199.2
Unsecured current lease liabilities	5.3	5.0
Unsecured non-current lease liabilities	77.0	59.6
Financial liabilities	281.5	263.8

The secured borrowings are secured on the freehold assets of the group (other than two pubs, broadly up to a value of £12.8 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 29 March 2021, 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 £10.0 million overdraft facility with interest linked to the Bank of England base rate. No amounts were drawn down at 29 March 2021.

Bank loans

The group has a bilateral £10.0 million term loan with Barclays Bank plc and a bilateral £10.0 million term loan with HSBC Bank plc, both repayable on 23 May 2024.

The group also has a bilateral £30.0 million term loan with the Royal Bank of Scotland and a £50.0 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. 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 £35.0 million at a fixed rate of 3.3% repayable in July 2039.

Revolving credit facility

The group has a £100.0 million revolving credit facility, split evenly with Barclays and HSBC, which matures in March 2025.

At the period end, £10.0 million (2020: £65.5 million) was drawn. 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 LIBOR with a commitment payment on the undrawn portions. Interest is payable at each loan renewal date.

The group also has a £20.0 million revolving credit facility with Royal Bank of Scotland, which matures on 28 November 2021. To date this facility remains undrawn. The availability of these funds served to maintain the headroom available to the group during the ongoing period of uncertainty caused by covid-19.

Covid Corporate Financing Facility ('CCFF')

In May 2020 Young's issued commercial paper with a nominal value of £30.0 million and a maturity date of 13 May 2021 under HM Treasury and the Bank of England's CCFF.

(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	
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 29)	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 29)	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

	Group				Total £m
	Within one year £m	Between one and two years £m	Between two and five years £m	After five years £m	
2020					
Borrowings	52.4	2.4	121.4	50.0	226.2
Derivative financial instruments	2.4	1.6	1.8	–	5.8
Lease liabilities (note 29)	7.7	7.3	19.7	97.9	132.6
Trade and other payables	21.8	–	–	–	21.8
	84.3	11.3	142.9	147.9	386.4

	Company				Total £m
	Within one year £m	Between one and two years £m	Between two and five years £m	After five years £m	
2020					
Borrowings	52.4	2.4	121.4	50.0	226.2
Derivative financial instruments	2.4	1.6	1.8	–	5.8
Lease liabilities (note 29)	6.1	5.7	18.0	64.9	94.7
Trade and other payables	21.8	–	–	–	21.8
Amounts due to subsidiaries	10.5	–	–	–	10.5
	93.2	9.7	141.2	114.9	359.0

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25. Capital management and financial instruments continued

(d) Fair value hierarchy for instruments measured at fair value

	Group and company			
	Fair value 2021 £m	Level 1 2021 £m	Level 2 2021 £m	Level 3 2021 £m
Financial liabilities at fair value				
Interest rate swaps	3.2	–	3.2	–
	3.2	–	3.2	–
	Fair value 2020 £m	Level 1 2020 £m	Level 2 2020 £m	Level 3 2020 £m
Financial liabilities at fair value				
Interest rate swaps	5.7	–	5.7	–
	5.7	–	5.7	–

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 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

	Group			
	At 2 April 2019 £m	Additions £m	Cash flow £m	At 30 March 2020 £m
Bank loans	171.5	–	28.0	(0.3)
Lease liabilities	74.6	15.8	(8.1)	–
Total liabilities from financing activities	246.1	15.8	19.9	(0.3)

	Company			
	At 2 April 2019 £m	Additions £m	Cash flow £m	At 30 March 2020 £m
Bank loans	171.5	–	28.0	(0.3)
Lease liabilities	64.3	7.6	(7.3)	–
Total liabilities from financing activities	235.8	7.6	20.7	(0.3)

26. Deferred tax

Deferred tax relates to the following:

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Deferred tax assets				
Interest rate swaps	0.6	1.1	0.6	1.1
Retirement benefit schemes	1.2	1.6	1.2	1.6
Decelerated capital allowances	4.8	4.5	4.8	4.5
Capital losses	0.7	0.7	0.7	0.7
Share based payments	0.3	0.3	0.3	0.3
Trade losses	1.0	0.1	1.0	0.1
Deferred tax assets	8.6	8.3	8.6	8.3

Deferred tax liabilities

Rolled over gains on property revaluations	(73.6)	(69.9)	(73.4)	(65.7)
Net deferred tax liabilities	(65.0)	(61.6)	(64.8)	(57.4)

Reconciliation of net deferred tax liabilities:

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Opening balance	(61.6)	(53.2)	(57.4)	(50.5)
Tax credit/(charge) in the income statement	1.6	(1.2)	1.6	(1.2)
Tax charge in the statement of comprehensive income	(4.5)	(3.1)	(4.5)	(3.1)
Adjustment in respect of deferred tax of prior periods	(0.5)	–	(0.5)	–
Recognised on acquisition	–	(4.0)	(4.0)	(2.5)
Tax charge recognised directly in equity	–	(0.1)	–	(0.1)
Closing balance	(65.0)	(61.6)	(64.8)	(57.4)

During the year, it was identified that the historical calculation of the deferred tax liability relating to rolled over gains on property revaluations incorrectly calculated the initial recognition exemption on certain properties. Following a detailed review of all deferred tax calculations on the group's properties, it was confirmed that this only affected certain properties that had been revalued upwards historically. The group considers that as the correcting adjustment has no impact on the group income statement in either period presented, that the impact on the group statement of comprehensive income, balance sheets, deferred tax liabilities and revaluation reserve in either period presented is not material and that the impact does not materially affect key performance indicators or remuneration, the adjustment has been recorded through the current period. The impact of this adjustment was to increase deferred tax liabilities and to decrease the revaluation reserve by £2.5 million at 29 March 2021, with the adjustment recorded as an expense in the statement of comprehensive income for the period ended 29 March 2021.

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For the 52 weeks ended 29 March 2021

26. 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 1 April 2019	1.1	1.5	3.3	0.6	0.7	0.2	7.4
(Charged)/credited to the income statement	–	(0.6)	1.2	0.1	(0.3)	(0.1)	0.3
(Charged)/credited to other comprehensive income	–	0.7	–	–	–	–	0.7
Charged directly to equity	–	–	–	–	(0.1)	–	(0.1)
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
Credited 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

The deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 19%. 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. Deferred tax has been calculated in the period ended 29 March 2021 at the current rate of 19%, the rate that was substantively enacted at the balance sheet date. The overall impact of the rate change on the net deferred tax liability, based on the deferred tax liability balance as at 29 March 2021, is expected to increase the deferred tax liability by £20.5 million.

The group has realised capital losses of £5.2 million (2020: £5.0 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 (2020: £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 has realised capital losses of £3.7 million (2020: £3.5 million). A deferred tax asset has been recognised in respect of these losses in both the current and the prior period. The group's tax losses can be carried forward for an unlimited period.

The group has unrealised capital losses of £8.5 million (2020: £12.4 million). No deferred tax asset has been recognised in respect of these losses (2020: £nil) because it is uncertain whether they will be utilised.

In addition, the group has current year interest restrictions capable of reactivation in future periods of £5.1 million (2020: £nil). A deferred tax asset has been recognised on the basis that it is probable that profits will arise in future periods, enabling the interest deduction to be utilised in full.

27. 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 (2020: £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 26.

The employer contribution to the defined benefit scheme for the period ended 29 March 2021 was £1.4 million of which £1.2 million were special contributions (2020: £1.4 million of which £1.2 million were special contributions) plus premiums of £0.2 million (2020: £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 2022 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 2022 financial period are expected to be £0.2 million.

The defined benefit scheme is closed to new entrants.

Financial assumptions

	Pension		Health care	
	2021 %	2020 %	2021 %	2020 %
Discount rate	2.00	2.40	2.00	2.40
Inflation	3.30	2.80	3.30	2.80
Rate of increase in salaries	2.50	2.50	N/A	N/A
Discretionary pension increases	3.30	2.80	N/A	N/A
Rate of revaluation of deferred pensions	2.80	1.80	N/A	N/A
General medical expenses inflation	N/A	N/A	9.00	9.00

Mortality assumptions

The life expectancies underlying the valuation are as follows:

	2021 Years	2020 Years
Current pensioners (at age 65) – males	21.9	21.9
Current pensioners (at age 65) – females	24.3	24.2
Future pensioners (at age 65) – males	23.2	23.2
Future pensioners (at age 65) – females	25.7	25.6

At the period end date, the average age of current pensioners was 74 years (2020: 73 years) and for future pensioners was 56 years (2020: 55 years).

The weighted average duration of liabilities for the current period was 18.0 years (2020: 17.0 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	0.4	(0.4)

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 8.6%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 7.1%
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 4.3%
Rate of revaluation of deferred pensions	Increase/decrease by 0.5%	Increase/decrease by 1.1%
Life expectations	Increase by 1 year	Increase by 4.8%

Pension scheme and health care scheme assets and liabilities

	Group and company Assets and liabilities	
	2021 £m	2020 £m
Equities	41.3	31.1
Diversified growth fund	20.8	19.2
Corporate bonds	63.5	56.8
Insured pensions	7.9	7.9
Other	(0.8)	(1.1)
Total fair value of assets	132.7	113.9
Present value of retirement benefit liabilities	(138.8)	(122.1)
Scheme deficit	(6.1)	(8.2)

The pension scheme assets include some of the company's A shares with a fair value of £4.9 million (2020: £3.6 million). There are no property assets of the scheme occupied by the company.

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For the 52 weeks ended 29 March 2021

27. Retirement benefit schemes continued

Of the above assets, £125.6 million (2020: £107.1 million) are quoted securities.

Movement in scheme deficits in the period

(a) Changes in the present value of the schemes are as follows:

	Group and company					
	Pension scheme £m	2021 Health care scheme £m	Total £m	Pension scheme £m	2020 Health care scheme £m	Total £m
Opening deficit	(4.6)	(3.6)	(8.2)	(5.1)	(3.5)	(8.6)
Current service cost	(0.2)	–	(0.2)	(0.3)	–	(0.3)
Contributions	1.4	0.2	1.6	1.4	0.2	1.6
Other finance charges	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.2)
Remeasurement through other comprehensive income	1.3	(0.4)	0.9	(0.5)	(0.2)	(0.7)
Closing deficit	(2.2)	(3.9)	(6.1)	(4.6)	(3.6)	(8.2)

(b) Recognised in the income statement

Current service cost included in operating costs	(0.2)	–	(0.2)	(0.3)	–	(0.3)
Net interest expense	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.2)

(c) Recognised in the statement of comprehensive income

	Group and company					
	Pension scheme £m	2021 Health care scheme £m	Total £m	Pension scheme £m	2020 Health care scheme £m	Total £m
Experience gains arising on the schemes' liabilities	1.4	(0.3)	1.1	3.3	(0.2)	3.1
Changes in demographic assumptions underlying the schemes' liabilities	0.2	–	0.2	(0.3)	–	(0.3)
Changes in financial assumptions underlying the schemes' liabilities	(19.3)	(0.1)	(19.4)	6.5	–	6.5
Remeasurement of obligations	(17.7)	(0.4)	(18.1)	9.5	(0.2)	9.3
Return on schemes' assets (less amounts included in the net interest expense)	19.0	–	19.0	(10.0)	–	(10.0)
Net remeasurement recognised	1.3	(0.4)	0.9	(0.5)	(0.2)	(0.7)

(d) Movements in the present value of schemes' obligations during the period

	Group and company					
	Pension scheme £m	2021 Health care scheme £m	Total £m	Pension scheme £m	2020 Health care scheme £m	Total £m
Opening defined benefit obligations	(118.5)	(3.6)	(122.1)	(129.2)	(3.5)	(132.7)
Current service cost	(0.2)	–	(0.2)	(0.3)	–	(0.3)
Interest on obligations	(2.8)	(0.1)	(2.9)	(3.2)	(0.1)	(3.3)
Contributions by schemes' members	(0.1)	–	(0.1)	(0.1)	–	(0.1)
Remeasurement of obligations	(17.7)	(0.4)	(18.1)	9.5	(0.2)	9.3
Benefits paid	4.4	0.2	4.6	4.8	0.2	5.0
Present value of schemes' liabilities	(134.9)	(3.9)	(138.8)	(118.5)	(3.6)	(122.1)

(e) Change in fair value of schemes' assets

	Group and company					
	Pension scheme £m	2021 Health care scheme £m	Total £m	Pension scheme £m	2020 Health care scheme £m	Total £m
Opening fair value of schemes' assets	113.9	–	113.9	124.1	–	124.1
Interest on schemes' assets	2.7	–	2.7	3.1	–	3.1
Return on schemes' assets (less amounts included in the net interest expense)	19.0	–	19.0	(10.0)	–	(10.0)
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	(4.4)	(0.2)	(4.6)	(4.8)	(0.2)	(5.0)
Fair value of schemes' assets	132.7	–	132.7	113.9	–	113.9

28. Other non-current liabilities

	Deferred income £m
At 2 April 2019	0.3
Released	(0.1)
At 30 March 2020	0.2
Released	(0.2)
At 29 March 2021	–

29. Lease liabilities**(a) Group as lessee**

The group has lease contracts for various items of property, vehicles and other equipment used in its operations. Leases of property generally have lease terms between 20 and 999 years, while motor vehicles and other equipment 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.

The group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group £m	Company £m
At 2 April 2019	74.6	64.3
Additions	2.8	2.9
Business combinations	8.3	–
Lease amendments	4.7	4.7
Accretions of interest	2.5	2.1
Payments	(10.6)	(9.4)
	82.3	64.6
Current	5.3	5.0
Non-current	77.0	59.6
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)
As at 29 March 2021	80.2	73.2
Current	4.9	4.1
Non-current	75.3	69.1

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29. Lease liabilities continued

Group cash flow benefits arising from rent concessions totalled £1.2 million in the period, including £0.5 million of rent deferrals. This also includes £0.7 million of rent holidays which have been offset against £0.7 million of rent amendments in the period.

Note 25(c) summarises the maturity profile of the group's lease liability based on contractual undiscounted payments.

The following amounts have been recognised in the income statement:

	Group 2021 £m	Company 2021 £m
Depreciation expense of right-of-use assets (note 19)	7.6	6.3
Interest expense on lease liabilities (note 12)	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
	Group 2020 £m	Company 2020 £m
Depreciation expense of right-of-use assets (note 19)	7.5	6.3
Interest expense on lease liabilities (note 12)	2.5	2.1
Expense relating to short-term leases and low-value assets	–	–
Variable lease payments	0.4	0.3
Total amount recognised in the income statement	10.4	8.7

During the current year the group had total cash outflows for leases of £7.1 million (2020: £11.0 million). The group also had non-cash additions to right-of-use assets and lease liabilities of £2.2 million (2020: £11.0 million).

The group has lease contracts for properties that contains 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
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

	Group			Company		
	Fixed payments £m	Variable payments £m	Total payments £m	Fixed payments £m	Variable payments £m	Total payments £m
2020						
Fixed rent	9.4	–	9.4	8.7	–	8.7
Variable rent with minimum payment	1.2	–	1.2	0.7	–	0.7
Variable rent only	–	0.4	0.4	–	0.3	0.3
	10.6	0.4	11.0	9.4	0.3	9.7

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.

Set out below are the undiscounted potential future rental payments relating to periods following the termination options that are not included in the lease term:

	Within five years £m	More than five years £m	Total £m
Termination options expected to be exercised	2.0	0.3	2.3

(b) Group as lessor

During the period, the group received lease income from tenants within the Ram Pub Company operating segment which were designated as operating leases. £1.1 million has therefore been recognised in the income statement for the period ended 29 March 2021 (2020: £3.3 million), of which £0.1 million relates to sublease income received (2020: £0.5 million). All lease income is fixed rent. Other revenue received within the Ram Pub Company operating segment was generated from sales of drink and accounted for under IFRS 15 Revenue from contracts with customers.

In the period, the group offered a rent concession to the majority of the tenanted estate from 16 March 2020. It was communicated to the tenants 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 period ended 29 March 2021 the rent concessions granted to tenants have resulted in foregone rental income of £2.0 million for the period.

	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
2021							
Undiscounted lease income	2.3	1.4	0.9	0.7	0.7	2.5	8.5
2020							
Undiscounted lease income	2.0	2.0	1.2	0.7	0.7	3.5	10.1

30. Share capital and reserves

	2021 Shares	2021 £000	2020 Shares	2020 £000
Issued and fully paid shares – 12.5p each				
Opening balance	49,036,547	6,130	48,965,040	6,121
Issued under employee share schemes	14,865	2	71,507	9
Issued in connection with the June 2020 equity issue	9,424,148	1,178	–	–
Closing balance	58,475,560	7,310	49,036,547	6,130

Of the opening balance, 29,876,547 are A shares and 19,160,000 are non-voting shares (2020: 29,805,040 A shares, 19,160,000 non-voting shares). Of the closing balance, 34,404,808 are A shares and 24,070,755 are non-voting shares (2020: 29,876,547 A shares, 19,160,000 non-voting shares).

For details of the shares issued in the current period under employee share schemes, see Share Awards (note 31).

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 placees 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.

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30. Share capital and reserves continued

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 (2020: £17.1 million) arising on the transfer of assets from subsidiaries to the parent at consolidated book value, and a non-distributable reserve of £33.6 million (2020: £33.6 million) arising from the transfer of revaluation reserves relating to leasehold assets following the adoption of IFRS 16.

31. Share awards

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

In addition, during the period, the group offered a special one-off retention and reward bonus in the form of shares.

(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, it is expected 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. For every share taken in place of cash by a director or other senior management employee, the individual can 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. 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 following table summarises, at 30 March 2020 and at 29 March 2021, 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 29 March 2021. Neither Mike Owen nor Simon Dodd had any outstanding entitlement to A shares under the DAB scheme at 30 March 2020 or at 29 March 2021. 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 30 March 2020	Awarded during the period	Restrictions ceased to apply during the period	Transferred during period ¹	At 29 March 2021	Issue price (pence per share) ²
Patrick Dardis	June 2017	N	17,671	–	(17,671)	–	–	1,332.0
	June 2017	Y	8,835	–	(2,650)	(6,185)	–	12.5
	June 2018	N	14,179	–	–	–	14,719	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 2017	N	7,045	–	(7,045)	–	–	1,332.0
	June 2017	Y	3,522	–	(1,056)	(2,466)	–	12.5
	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 2017	N	2,579	–	(2,579)	–	–	1,332.0
	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 2017	N	4,609	–	(4,609)	–	–	1,332.0
	June 2017	Y	6,936	–	(2,079)	(4,857)	–	12.5
	June 2018	N	4,315	–	(2,114)	–	2,201	1,705.0
	June 2018	Y	6,807	–	–	–	6,807	12.5
	June 2019	N	5,982	–	(1,557)	(839)	3,586	1,765.0
	June 2019	Y	5,982	–	–	(839)	5,143	12.5

¹ These shares were transferred to the Ram Brewery Trust II, an employee benefit trust designated by the company. The transfers were for no consideration, apart from the 839 A shares with an issue price of 1,765 pence per share which were transferred at 812 pence per share, being the price for an A share as shown in the online version of the Financial Times published on the day of the transfer, 31 October 2020.

² For 'matching' shares, the price shown is the nominal value.

The group's adjusted earnings per share measurement growth periods for the 2018 and 2019 awards are the group's four-year financial periods ending in 2021 and 2022 respectively. 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 coronavirus pandemic, it has been determined that the condition was met as to 0% for the 2018 awards. It is anticipated that the condition for the 2019 awards will be met only as to 15%, likewise due to the impact of covid-19.

A charge of £nil (2020: £nil) was made to the group and company income statements in respect of the outstanding 37,696 'matching' shares at 29 March 2021 (2020: 57,828).

(b) 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.

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

31. Share awards continued

In the current period, no options over A shares (2020: 68,511 A shares) were granted under the scheme (as explained in the *Employee engagement* section of the directors' report on page 69). The options granted in the prior period had an exercise price of 1,412 pence per share.

Options over 140,031 A shares were outstanding at the beginning of the period. During the period, options over 65,062 A shares lapsed, and options over 16,383 A shares were exercised at 1,066 pence per share. The weighted average share price of options exercised during the period was 1,379 pence (2020: 1,621 pence). The options that were exercised (and in respect of which new shares were issued) resulted in an increase in share capital of £1,858.125 (2020: £1,502.375) and an increase in share premium of £156,602.775 (2020: £114,360.785). A credit of £0.1 million (2020: a charge of £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 29 March 2021 was £0.1 million (2020: £0.2 million). Options over 58,586 A shares were outstanding at the end of the period.

Valuation assumptions

Assumptions used in the Black-Scholes model to determine the fair value of share options at grant date for the period ending 29 March 2021 and 30 March 2020 were as follows:

	Group and company		
	2019 plan	2018 plan	2017 plan
Share price at grant date (pence)	1,765.0	1,705.0	1,332.0
Exercise price (pence)	1,412.0	1,364.0	1,066.0
Expected volatility (%)	24.9	21.0	8.5
Option life (years)	3	3	3
Expected dividends (expressed as dividend yield %)	0.9	1.3	1.3
Risk-free interest rate (%)	0.3	0.7	2.4
Probability of forfeiture (%)	18.3	17.2	33.7

During the current 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.

(c) Reward and retention bonus

In recognition of the vital role that a select group of individuals (all below board level) played during the covid-19 crisis following the initial closure of the group's pubs in March 2020 and in the lead-up to the pubs reopening in July, the company offered those individuals the opportunity to receive 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. Everyone accepted the offer; this resulted in 13,542 A shares being 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, being the last dealing day before the shares were purchased). All the shares are subject to restrictions which ordinarily mean that the individuals who received them cannot sell them before 18 December 2021. Further, if the individual 'leaves' the company before that date other than in limited 'good leaver' circumstances, he or she will have to transfer the shares back to the trust for £nil.

32. Related party transactions

Directors

Directors' emoluments and retirement benefits are disclosed in notes 8(b) and (c). Directors' interests in the company's share capital are disclosed or referred to on page 68 and in notes 8(e) and 31. 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 29 March 2021, the scheme held 337,067 A shares (2020: 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. Two individuals, neither of whom is a director of the company, are the directors of the employee benefit trustee company. At 29 March 2021, the trust held 7,652 A shares (2020: 7,526), being 0.02% of the class.

During the period:

- nil A shares (2020: 3,060) were transferred from the trust in connection with the company's profit sharing scheme (note 8(d));
- 1,518 A shares (2020: 28,127) were transferred from the trust in connection with the company's savings-related share option scheme (note 8(e));
- 13,542 A shares (2020: nil) were transferred from the trust in connection with the special one-off retention and reward bonus referred to in the directors' report on pages 69 and 70; and
- 15,186 A shares (2020: 8,973) were transferred to the trust in connection with the company's deferred annual bonus scheme (note 31(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 8; in addition, the group made employers' national insurance contributions of £0.2 million (2020: £0.3 million) and incurred a share based payment charge of £nil (2020: £nil).

33. Net cash generated from operations and analysis of net debt

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
(Loss)/profit before tax on continuing operations	(45.2)	29.1	(45.1)	28.0
Net finance cost	9.9	8.6	9.5	8.4
Finance charge for pension obligations	0.2	0.2	0.2	0.2
Operating (loss)/profit on continuing operations	(35.1)	37.9	(35.4)	36.6
Depreciation of property and equipment	26.1	25.6	25.9	24.9
Depreciation of right-of-use assets	7.6	7.5	6.3	6.3
Movement on revaluation of properties	(1.8)	5.3	(1.8)	5.3
Net loss on disposal of property	0.5	0.6	0.5	0.3
Difference between pension service cost and cash contributions paid	(1.4)	(1.3)	(1.4)	(1.3)
Business transfer from subsidiary to parent	–	–	–	0.8
Movement in other provisions	–	–	–	0.6
Share based payments	(0.1)	0.1	(0.1)	0.1
Movements in working capital				
– Inventories	0.7	0.5	0.6	0.4
– Receivables	(1.2)	(1.8)	(1.5)	(1.2)
– Payables	(18.3)	(1.9)	(17.0)	(1.7)
Net cash generated from operations	(23.0)	72.5	(23.9)	71.1

Analysis of net debt

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Cash	4.7	1.1	4.7	1.1
Current borrowings and loan capital	(29.8)	(50.0)	(29.8)	(50.0)
Current lease liability	(4.9)	(5.3)	(4.1)	(5.0)
Non-current borrowings and loan capital	(143.4)	(149.2)	(143.4)	(149.2)
Non-current lease liability	(75.3)	(77.0)	(69.1)	(59.6)
Net debt	(248.7)	(280.4)	(241.7)	(262.7)

Notes to the financial statements continued

For the 52 weeks ended 29 March 2021

34. Post balance sheet events

There were no post balance sheet events except the acquisition of the Greenwich Union and the sale of the Grove House (Camberwell) which was classified as asset held for sale at 29 March 2021.

35. Contingent liabilities

There were no contingent liabilities at the current or prior period balance sheet date.

Five-year review

	2021 52 weeks £m	2020 52 weeks £m	2019 52 weeks £m	2018 52 weeks £m	2017 53 weeks £m
Revenue	90.6	311.6	303.7	279.3	268.9
Adjusted operating (loss)/profit	(34.0)	46.5	48.5	46.9	46.1
Adjusting items	(1.1)	(8.6)	(3.9)	(3.4)	(3.4)
Net finance costs and other finance charges	(10.1)	(8.8)	(5.1)	(5.9)	(5.7)
(Loss)/profit before tax	(45.2)	29.1	39.5	37.6	37.0
Taxation credit/(charge)	6.9	(9.8)	(8.0)	(7.5)	(7.0)
(Loss)/profit for the period from continuing operations	(38.3)	19.3	31.5	30.1	30.0
Adjusted (loss)/profit before tax	(44.1)	37.7	43.4	41.0	40.4
Net assets employed					
Non-current assets	972.8	975.3	860.8	782.6	724.0
Current assets and assets held for sale	24.7	14.3	21.2	18.0	18.5
Current liabilities	(52.3)	(91.0)	(51.2)	(47.1)	(71.4)
Non-current liabilities	(299.8)	(307.8)	(237.5)	(204.3)	(178.1)
	645.4	590.8	593.3	549.2	493.0
Financed by					
Share capital	7.3	6.1	6.1	6.1	6.1
Reserves	638.1	584.7	587.2	543.1	486.9
	645.4	590.8	593.3	549.2	493.0
Purchase of fixed assets, lease premiums and business combinations	19.1	62.4	67.0	53.0	38.3
Net debt	(248.7)	(280.4)	(163.6)	(140.5)	(126.6)
	Pence	Pence	Pence	Pence	Pence
Per 12.5p ordinary share					
Adjusted basic (loss)/earnings from continuing operations	(66.63)	60.18	72.13	67.74	66.43
Basic (loss)/earnings from continuing operations	(68.23)	39.37	64.36	61.60	61.51
Dividends – paid in period	–	21.38	20.17	19.03	17.95
Gearing	38.5%	47.5%	27.6%	25.6%	25.7%
Average number of employees	4,714	4,763	4,735	4,116	3,924

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 pass 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 pass it or them 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. **In view of the uncertainty around whether shareholders will be able to attend the meeting in person, and because tighter Government restrictions may be introduced due to a change in the covid-19 pandemic situation, you are encouraged to complete and return your proxy form appointing the chair of the meeting as your proxy. This will ensure that your vote will be counted even if you (or any other proxy you might otherwise appoint) are unable to attend the meeting.** Completed forms must be received by Computershare Investor Services PLC by 11.30am on Sunday, 18 July 2021. Appointing a proxy does not stop you from attending the meeting, should this be permitted under applicable covid-19 restrictions in place at the time of the meeting, and voting). An attendance card is attached to the proxy form; please bring this with you to the meeting, should attendance in person be permitted under applicable covid-19 restrictions.

If you do not hold any A shares, this notice is for information purposes only.

Notice is hereby given that the 132nd 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, 20 July 2021 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 29 March 2021, together with the strategic report, directors' report and the auditor's report on those accounts and reports.

Auditor appointment

2. 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

3. To resolve that the directors be, and are hereby, authorised to determine the remuneration of the Company's auditor.

Re-appointment of directors

4. To resolve that Roger Lambert be, and is hereby, re-appointed as a director.
5. To resolve that Ian McHoul be, and is hereby, re-appointed as a director.
6. To resolve that Torquil Sligo-Young be, and is hereby, re-appointed as a director.

Political donations and expenditure

7. 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

Notice of meeting continued

30 September 2022) 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.

Increased limit on the amount payable in respect of directors' fees

8. That, for the purposes of article 52(A) of the Company's articles of association, a higher sum of £375,000 be, and is hereby, decided.

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 £2,436,485 (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 £4,872,970 (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 2022) 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 £365,472,

such power to apply until the end of next year's annual general meeting (or, if earlier, until 11.59pm on 30 September 2022) 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 5,847,564;
- (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,

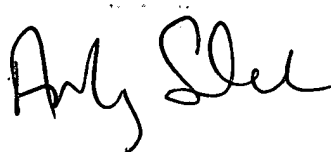
such authority to apply until the end of next year's annual general meeting (or, if earlier, until 11.59pm on 30 September 2022) but during this period the Company may enter into a contract to purchase shares which would, or might, be completed or executed wholly or partly after the authority ends and the Company may purchase shares pursuant to any such contract as if the authority had not ended.

By order of the board

Anthony Schroeder

Joint Company Secretary

19 May 2021



Registered office:
Riverside House
26 Osiers Road
Wandsworth
London
SW18 1NH

Registered in England and Wales No. 32762

Notes

Covid-19: intention to attend and attendance

If you wish to attend the meeting (should this be possible in light of covid-19 restrictions in place at the time of the meeting), please register your attendance as soon as practicable by completing your proxy form in the usual manner, and entering a tick in the 'Intention to Attend' box, which is located below the resolutions on the second page of the proxy form. Please note that rules around capacity at the meeting venue and changes in public health guidance and legislation issued by the UK Government may mean that you will not be able to attend the meeting. The following notes should be read in this context.

Covid-19: safety constraints and Government guidelines

The health and safety of shareholders, employees and other stakeholders remains the Company's primary concern, and at time of preparing this document, covid-19 restrictions issued by the UK Government remain in place. As such, indoor events of up to 1,000 people or half a venue's capacity (if lower) are allowed to take place. Currently this means, amongst other things, that A shareholders will not be able to mix beyond what is permitted by social contact restrictions, namely the rule of six or two households. The Company will also put in place further arrangements to seek to ensure that the meeting is safe. In light of this, attendance by guests (other than carers accompanying a shareholder) will not be permitted. In the absence of a full relaxation of covid-19 restrictions and social distancing rules, the Company's directors will not be mingling before or after the meeting, and no refreshments will be provided before or after the meeting. You will also need to observe any rules on social distancing that are in place at the time of the meeting, be prepared to wear a face covering (unless exempt from that requirement), have your temperature checked, and confirm on arrival that you have not recently developed symptoms or been exposed to someone who has tested positive or is displaying covid-19 symptoms.

Covid-19: updates on meeting arrangements

Given the constantly evolving nature of the covid-19 situation, it may be necessary to adapt the meeting arrangements to respond to changes in circumstances. You should therefore continue to monitor the Company's website at www.youngs.co.uk/investors as well as the Company's stock exchange announcements for any updates to the arrangements.

Notice of meeting continued

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, 19 July 2021 (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, 18 July 2021.

Who to appoint as a proxy

A proxy does not have to be a member of the Company but must attend the meeting in order for you to be represented 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. **Given the uncertainty around whether shareholders will be able to attend the meeting due to safety related capacity constraints at the meeting venue or due to a change in the covid-19 pandemic situation, the Company strongly encourages all shareholders to appoint the chair of the meeting as their proxy rather than a named person. This will ensure that your vote is counted even if attendance at the meeting is restricted or you or any other proxy you might appoint are unable to attend in person.**

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 that conflicting appointments have been 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 7071420.

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 2021 annual report, which includes this notice of meeting, or any proxy form for the Company's 132nd 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 132nd annual general meeting of Young & Co.'s Brewery, P.L.C. (the "Company") to be held on Tuesday, 20 July 2021 is set out on pages 131 to 135.

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: 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 3: auditor remuneration

In accordance with normal practice, the directors are asking for your authority to determine the auditor's remuneration.

Resolutions 4, 5 and 6: re-appointment of directors

Roger Lambert, Ian McHoul and Torquil Sligo-Young are all 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. All are seeking re-appointment; their brief biographical and other details are on page 51.

Resolution 7: 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 8: increased limit on the amount payable in respect of directors' fees

Broadly, article 52(A) of the Company's articles of association provides that the total fees to be paid to all the directors must not exceed £300,000 a year or any higher sum decided on by an ordinary resolution at a general meeting – a fee payable to a director pursuant to this article is distinct from any salary, remuneration or other amount payable to him or her pursuant to any other provision of the articles. On the basis of the Company's board including a non-executive chair and four other non-executive directors, the Company would currently expect the total fees payable to directors in any year to amount to c.£270,000. Therefore, to ensure that the £300,000 cap (which was set in 2017) is not inadvertently breached and to ensure that the Company is able to continue to recruit and retain suitable candidates, it is proposed that the higher sum authority for article 52(A) be increased to £375,000. The directors have no present intention of making any further board appointments that would cause the existing £300,000 cap to be exceeded, however the increased amount provides the board with the flexibility to allow it to do so should it be considered appropriate.

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 £2,436,485 (representing 19,491,880 shares of 12.5p each). This amount represents approximately one-third of the Company's issued share capital as at 18 May 2021. 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 £4,872,970 (representing 38,983,760 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 18 May 2021. 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 2022). 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 £365,472 (representing 2,923,776 shares). This amount represents approximately 5% of the Company's issued share capital as at 18 May 2021. 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 2022).

Resolution 11: authority to purchase own shares

This resolution would give the Company the authority to purchase just under 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 2021, the Company had options outstanding over 58,015 A shares, representing 0.10% 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 0.12% 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 2022).

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

Roger Lambert
Non-executive and senior independent

Nick Miller
Non-executive

Ian McHoul
Non-executive

Torquil Sligo-Young
Non-executive

Joint Company Secretaries

Anthony Schroeder
Chris Taylor

Audit committee

Ian McHoul (Chair)
Stephen Goodyear
Roger Lambert
Nick Miller
Torquil Sligo-Young

Remuneration committee

Nick Miller (Chair)
Roger Lambert
Ian McHoul
Torquil Sligo-Young

Banks

HSBC Bank plc
8 Canada Square
London E14 5HQ

Royal Bank of Scotland Group plc
Corporate Banking London
250 Bishopsgate
London EC2M 4RB

Barclays 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.

Queries

If a shareholder has any questions about
their shareholding or if they require
other guidance (e.g. to notify a change
of address or to give instructions for
dividends to be paid directly into a bank
account), please contact Computershare
(see above). All requests to amend
account details must be made in writing.

Shareholding management and receiving certain documents and information via email

Shareholders can manage
their shareholding online at
www.investorcentre.co.uk. If they would
like to receive certain documents and
information from the company via
email, they should read the company's
November 2018 letter to shareholders
and then set up or update their profile
online at www.investorcentre.co.uk.
Shareholders may change their
email address at any time and can
also, via the online portal, revert to
receiving hard copy documents and
information. The letter can be found at
<https://www.youngs.co.uk/electronic-communications>

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

Riverside House
26 Osiers Road
Wandsworth
London SW18 1NH

Registered number: 32762

Further information

Please visit: www.youngs.co.uk

Notes

IMAGE REMOVED

Young & Co's Brewery, P.L.C.
Riverside House, 26 Osiers Road,
Wandsworth, London SW18 1NH

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Fax: 020 8875 7100

www.youngs.co.uk

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