J D Wetherspoon plc

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

Wetherspoon owns and operates pubs throughout the UK and Ireland. The company aims to provide customers with good-quality food and drinks, served by well-trained and friendly staff, at reasonable prices.

The pubs are individually designed, and the company aims to maintain them in excellent condition.

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Financial performance

The company was founded in 1979 – and this is the 39th year since incorporation in 1983. The table below outlines some key aspects of our performance during that period.

Summary accounts for the years 1984-2022

Financial year	Total number of Pubs (Sites)	Total sales £000	Profit/(loss) before tax and exceptional items £000	Earnings per share before exceptional items pence	Free cash flow £000	Free cash flow per share pence
1984	1	818	(7)	0		
1985	2	1,890	185	0.2		
1986	2	2,197	219	0.2		
1987	5	3,357	382	0.3		
1988	6	3,709	248	0.3		
1989	9	5,584	789	0.6	915	0.4
1990	19	7,047	603	0.4	732	0.4
1991	31	13,192	1,098	0.8	1,236	0.6
1992	45	21,380	2,020	1.9	3,563	2.1
1993	67	30,800	4,171	3.3	5,079	3.9
1994	87	46,600	6,477	3.6	5,837	3.6
1995	110	68,536	9,713	4.9	13,495	7.4
1996	146	100,480	15,200	7.8	20,968	11.2
1997	194	139,444	17,566	8.7	28,027	14.4
1998	252	188,515	20,165	9.9	28,448	14.5
1999	327	269,699	26,214	12.9	40,088	20.3
2000	428	369,628	36,052	11.8	49,296	24.2
2001	522	483,968	44,317	14.2	61,197	29.1
2002	608	601,295	53,568	16.6	71,370	33.5
2003	635	730,913	56,139	17.0	83,097	38.8
2004	643	787,126	54,074	17.7	73,477	36.7
2005[4]	655	809,861	47,177	16.9	68,774	37.1
2006	657	847,516	58,388	24.1	69,712	42.1
2007	671	888,473	62,024	28.1	52,379	35.6
2008	694	907,500	58,228	27.6	71,411	50.6
2009	731	955,119	66,155	32.6	99,494	71.7
2010	775	996,327	71,015	36.0	71,344	52.9
2011	823	1,072,014	66,781	34.1	78,818	57.7
2012	860	1,197,129	72,363	39.8	91,542	70.4
2013	886	1,280,929	76,943	44.8	65,349	51.8
2014	927	1,409,333	79,362	47.0	92,850	74.1
2015	951	1,513,923	77,798	47.0	109,778	89.8
2016	926	1,595,197	80,610	48.3	90,485	76.7
2017	895	1,660,750	102,830	69.2	107,936	97.0
2018	883	1,693,818	107,249	79.2	93,357	88.4
2019	879	1,818,793	102,459	75.5	96,998	92.0
2020[6]	872	1,262,048	(44,687)	(35.5)	(58,852)	(54.2)
2021	861	772,555	(154,676)	(119.2)	(83,284)	(67.8)
2022[3]	852	1,740,477	(30,448)	(19.6)	21,922	17.3

Notes
Adjustments to statutory numbers
1. Where appropriate, the earnings/losses per share (EPS), as disclosed in the statutory accounts, have been recalculated to take account of share splits, the issue of new shares and capitalisation issues.
2. Free cash flow per share excludes dividends paid which were included in the free cash flow calculations in the annual report and accounts for the years 1995–2000.
3. The weighted average number of shares, EPS and free cash flow per share include those shares held in trust for employee share schemes for all years prior to 2022.
4. Before 2005, the accounts were prepared under UKGAAP. All accounts from 2005 to date have been prepared under IFRS.
5. Apart from the items in notes 1–4, all numbers are as reported in each year's published accounts.
6. From financial year 2020 data is based on post-IFRS 16 numbers following the transition from IAS17 to IFRS 16.
7. Free cash flow is defined in the APM section within accounting policies on page 48. The calculation of free cash flow can be found on the cash flow statement.

Background

To coin a Shakespeare phrase, "the multiplying villainies of nature do swarm upon" the hospitality industry, following the lockdowns and restrictions of the pandemic - and surprisingly perhaps, the aftermath has been just as difficult for many companies.

Most commentators, including most publicans, understandably predicted a post-lockdown boom, in which the public would react to enforced cabin fever by embarking on a celebratory spree, but the reality has, in contrast, been a painstakingly slow recovery in sales, for some but not all, accompanied by great inflation in costs.

A possible reason for the much slower-than-anticipated recovery has been an underestimation of the power of habit in determining human behaviour.

During lockdown, dyed-in-the-wool pub-goers, many for the first time, filled their fridges with supermarket beer - and it has proved to be a momentous challenge to persuade them to return to the more salubrious environment of the saloon bar.

Even so, Wetherspoon's trading performance in FY22 improved versus the annus horribilis of FY21, but was still markedly adverse to pre-pandemic FY19.

Although like-for-like sales decreased by 4.7% compared to FY19, sales trends improved in the financial year. In the first half, like-for-like sales were -7.4%; in the third quarter they were -4.0% and in the fourth quarter they were -0.6%.

Like-for-like sales have improved in the first 9 weeks of the current financial year (FY23) and are 10.1% ahead of the first 9 weeks of FY22.

In addition to the slowly improving sales trend, there was a significant turnaround of £105 million in free cashflow, which improved to an inflow of £21.9 million in FY22 compared to an outflow of £83.3 million in FY21.

Perhaps surprisingly, the Wetherspoon balance sheet is also stronger than before the pandemic, at the expense of some dilution to pre-pandemic shareholders.

Debt levels, combined with trade creditors (excluding notional IFRS 16 lease debt), have increased by £53 million since January 2020, just before the first lockdown, substantially less than a total of £158.3 million invested in freehold "reversions" and new pubs during the period.

Since January 2020, £70.5 million has been spent on freehold reversions (where Wetherspoon was previously the tenant) and £87.8 million on new pubs.

Two equity issues during the pandemic were, of course, key factors in this strengthening of the balance sheet.

On an IFRS 16 basis, which includes notional debt from leases, debt decreased from £1.45 billion to £1.29 billion between January 2020 and the end of FY22.

In this context, Wetherspoon has, as reported below, fixed £770 million of its debt until November 2031, at an average of 1.24%, excluding the banks' margin, a significant benefit at a time of rising interest rates.

Fortunately, the company was able to extend these swaps by 32 months in the first half of FY22 - before sharply rising inflation and interest rates were anticipated by the market.

The mark-to-market value of these swaps was £182.7 million, as of 2 October 2022.

Trading Summary.

In the summary below we have compared sales and profits with FY19, but cash flow, debt and other areas are compared with FY21. To try to avoid confusion, we also provide a table, below, showing some key indicators referred to in this section of the annual report, for the last four financial years.

Total sales for FY22 were £1,740.5 million, a decrease of 4.3%, compared to the pre-pandemic 52 weeks ended 28 July 2019.

Like-for-like sales, as indicated above, compared to FY19, decreased by 4.7%. Like-for-like bar sales decreased by 6.5% and food sales by 3.2%. Slot/fruit machine sales increased by 12.3% and hotel room sales increased by 6.5%.

The operating profit, before exceptional items, was £25.7 million (2019: £131.9 million). The operating margin, before exceptional items, was 1.5% (2019: 7.3%).

The loss before tax and exceptional items was £30.4 million (2019: £102.5 million profit). This included property gains of £2.1 million (2019: £5.6 million).

The company sold, closed, or terminated the leases of 15 pubs, giving rise to a cash inflow of £5.9 million.

Losses per share, including shares held in trust by the employee share scheme, before exceptional items, were 19.6p (2019: earnings per share of 75.5p).

Total capital investment was £127.3 million (2021: £62.7 million). £58.8 million was invested in new pubs and pub extensions (2021: £24.1 million),

£42.8 million in existing pubs and IT (2021: £20.0 million) and £25.8 million in freehold reversions of properties where Wetherspoon was the tenant (2021: £16.9 million).

The company continued to increase investment levels, on the basis that the adverse effects of Covid-19 would eventually diminish.

IFRS 16 'Leases' replaced IAS 17 'Leases' for accounting periods beginning on or after 1 January 2019. IFRS 16 was adopted by the Company on 29 July 2019 using the 'modified retrospective approach'.

Sales, profits and cash flow FY19 to FY22

	FY22	FY21	FY20	FY19
Total sales excluding VAT (£m)	1,740.5	772.6	1,262.0	1,818.8
Like-for-like sales vs prior year	29.9%	-38.4%	-29.5%	6.8%
Operating profit/(loss) before exceptional items (£m)	25.7	-100.4	17.0	131.9
Profit/(loss) before tax and exceptional items (£m)	-30.4	-167.2	-44.7	102.5
Free cash flow (£m)	21.9	-83.3	-58.9	97.0

Exceptional items

There was a pre-tax exceptional gain of £56.7 million (2021: £27.5 million loss).

£52.9 million of the gain related to the fair value movement of interest rate swaps, which the company has in place for approximately the next 9 years, as reported above, at an average rate of 1.24%, excluding the banks' margin. In addition, there was a gain of £27.8 million in relation to an HMRC claim, regarding the historic VAT treatment of slot/fruit machines. There was also a gain of £1.4 million in respect of government support grants, associated with the pandemic. Finally, there was a £24.4 million property impairment charge, in respect of pubs which were deemed unlikely to generate sufficient cash flows, in the future, to support their carrying value.

Free Cash Flow

There was a free cash inflow of £21.9 million (2021: £83.3 million outflow), after capital payments of £45.9 million for existing pubs (2021: £22.3 million), £12.8 million for share purchases for employees (2021: £7.7 million) and payments of tax and interest. Free cash inflow per share was 17.3p (2021: 67.8p outflow).

Dividends and return of capital

The board has not recommended the payment of a final dividend (2021: £0). There have been no share buybacks in the financial year to date (2021: £0).

Financing

As at 31 July 2022, the company's total net debt, excluding derivatives and lease liabilities, was £891.6 million (2021: £845.5 million), an increase of £46.1 million.

The company has an agreement in place with its lenders which waives debt covenants until October 2023 and replaces them with a minimum liquidity requirement of £100 million in the first half of FY23, followed by relaxed leverage covenants in the second half of the year.

There has been no change in the total available finance facilities of £1,083.0 million during the period.

During the year, as reported above, the company has extended the period of its interest rate swaps, in respect of £770 million, from March 2029 to November 2031. The swap rate currently being paid, excluding the banks' margin, is 1.61%. The total cost of the company's debt, in the year under review, including the banks' margin was 4.46%. The cost of the swaps is illustrated in the table below:

Swap Value	Start Date	End Date	Weighted Average %
£770m	30-Jul-21	30-Jul-23	1.61%
£770m	31-Jul-23	30-Jul-26	1.10%
£770m	31-Jul-26	30-Jun-28	1.33%
£770m	01-Jul-28	29-Mar-29	1.32%
£770m	31-Mar-29	30-Nov-31	1.02%

Property

The company opened seven pubs during the year and sold, closed or terminated the leases of 15 pubs. The company had a trading estate of 852 pubs at the financial year end.

The company is currently marketing 32 pubs, most of which are within a close radius of other pubs we own. The strategy of opening larger pubs, at a considerable distance from each other, reflects a long-term strategy, rather than a reaction to trading difficulties in the Covid era, as some commentators have incorrectly said.

The full-year depreciation charge, excluding depreciation of "right-of-use" assets (a new charge to the profit and loss account, post-IFRS 16) was £74.6 million (2021: £76.4 million).

The company has increased the percentage of freehold pubs it owns in the last 11 years.

As at 24 July 2011, the company's freehold/leasehold ratio was 43.4%/56.6%. As at 31 July 2022, as a result of investment in freehold reversions and freehold pub openings, the ratio was 68.8%/31.2%.

As at 31 July 2022, the net book value of the property, plant and equipment of the company was £1.4 billion, including £1.1 billion of freehold and long-leasehold property.

The properties have not been revalued since 1999.

Taxation

The current corporation tax charge for the year is £7.0 million (2021: £17.6 million credit). The 'accounting' tax credit, which appears in the income statement, is £5.6 million (2021: £20.7 million credit).

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

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

Owing to a paperwork error, in the early days of our business in the Republic, which the company has sought to rectify, it has, to date, been unable to reclaim this duty, even though it is transparently clear that the duty has been paid.

Scotland Business Rates

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

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

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

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

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

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

VAT equality

As we have previously stated, the government would generate more revenue and jobs if it were to create tax equality among supermarkets, pubs and restaurants. Supermarkets pay virtually no VAT in respect of food sales, whereas pubs pay 20%. This has enabled supermarkets to subsidise the price of alcoholic drinks, widening the price gap, to the detriment of pubs and restaurants. Pubs also pay around 20 pence a pint in business rates, whereas supermarkets pay only about 2 pence, creating further inequality.

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

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

As a result, in these less affluent areas, there are often fewer pubs, coffee shops and restaurants, with less employment and increased high-street derelication. Tax equality would also be in line with the principle of fairness – the same taxes should apply to businesses which sell the same products.

How pubs contribute to the economy

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

In the financial year ended 31 July 2022, the company generated taxes of £662.7 million.

The table below shows the £5.8 billion of tax revenue generated by the company, its staff and customers in the last 10 years. Each pub, on average, generated £6.5 million in tax during that period. The tax generated by the company, during this 10-year period, equates to approximately 20 times the company's profits after tax.

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	TOTAL 2013 to 2022
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
VAT	287.7	93.8	244.3	357.9	332.8	323.4	311.7	294.4	275.1	253.0	**2,774.1**
Alcohol duty	156.6	70.6	124.2	174.4	175.9	167.2	164.4	161.4	157.0	144.4	**1,496.1**
PAYE and NIC	141.9	101.5	106.6	121.4	109.2	96.2	95.1	84.8	78.4	70.2	**1,005.3**
Business rates	50.3	1.5	39.5	57.3	55.6	53.0	50.2	48.7	44.9	46.4	**447.4**
Corporation tax	1.5	-	21.5	19.9	26.1	20.7	19.9	15.3	18.4	18.4	**161.7**
Corporation tax credit (historic capital allowances)	-	-	-	-	-	-	-	-2.0	-	-	**-2.0**
Fruit/slot Machine duty	12.8	4.3	9.0	11.6	10.5	10.5	11	11.2	11.3	7.2	**99.4**
Climate change levies	9.7	7.9	10.0	9.6	9.2	9.7	8.7	6.4	6.3	4.3	**81.8**
Stamp duty	2.7	1.8	4.9	3.7	1.2	5.1	2.6	1.8	2.1	1.0	**26.9**
Sugar tax	2.9	1.3	2.0	2.9	0.8	-	-	-	-	-	**9.9**
Fuel duty	1.9	1.1	1.7	2.2	2.1	2.1	2.1	2.9	2.1	2.0	**20.2**
Carbon tax	-	-	-	1.9	3.0	3.4	3.6	3.7	2.7	2.6	**20.9**
Premise licence and TV licences	0.5	0.5	1.1	0.8	0.7	0.8	0.8	1.6	0.7	0.7	**8.2**
Landfill tax	-	-	-	-	1.7	2.5	2.2	2.2	1.5	1.3	**11.4**
Employee support grants	-4.4	-213.0	-124.1	-	-	-	-	-	-	-	**-341.5**
Eat out to help out	-	-23.2	-	-	-	-	-	-	-	-	**-23.2**
Local Government Grants	-1.4	-11.1	-	-	-	-	-	-	-	-	**-12.5**
TOTAL TAX	**662.7**	**37.0**	**440.7**	**763.6**	**728.8**	**694.6**	**672.3**	**632.4**	**600.5**	**551.5**	**5,784.1**
TAX PER PUB	**0.78**	**0.04**	**0.53**	**0.87**	**0.83**	**0.77**	**0.71**	**0.67**	**0.66**	**0.63**	**6.49**
TAX AS % OF NET SALES	**38.1%**	**4.8%**	**34.9%**	**42.0%**	**43.0%**	**41.8%**	**42.1%**	**41.8%**	**42.6%**	**43.1%**	**37.4%**
LOSS/PROFIT AFTER TAX	**-24.9**	**-146.5**	**-38.5**	**79.6**	**83.6**	**76.9**	**56.9**	**57.5**	**58.9**	**65.2**	**268.7**

Note – this table is prepared on a cash basis.
IFRS 16 was implemented in the year ending 26 July 2020 (FY20). From this period all profit numbers in the above table are on a Post-IFRS 16 basis. Prior to this date all profit numbers are on a Pre-IFRS 16 basis.

Corporate Governance

Wetherspoon has been a strong critic of the composition of the boards of UK-quoted companies.

As a result of the "nine-year rule", limiting the tenure of NEDs and the presumption in favour of "independent", part-time chairmen, boards are often composed of short-term directors, with very little representation from those who understand the company best - people who work for it full-time, or have worked for it full-time.

Wetherspoon's review of the boards of major banks and pub companies, which teetered on the edge of failure in the 2008-2010 recession, highlighted the short "tenure", on average, of directors.

In contrast, Wetherspoon noted the relative success, during this fraught financial period, of pub companies Fuller's and Young's, the boards of which were dominated by experienced executives, or former executives.

As a result, Wetherspoon has increased the level of experience on the Wetherspoon board by appointing four "worker directors".

All four worker directors started on the "shop floor" and eventually became successful pub managers. Three have been promoted to regional management roles. They have worked for the company for an average of 24 years.

Board composition cannot guarantee future success, but it makes sensible decisions, based on experience at the coalface of the business, more likely.

The UK Corporate Governance Code 2018 (the "Code") is a vast improvement on previous codes, emphasising the importance of employees, customers and other stakeholders in commercial success. It also emphasises the importance of its 'comply or explain' ethos, and the consequent need for shareholders to engage with companies in order to understand their explanations.

A major impediment to the effective implementation of comply or explain seems to be the undermanning of the corporate governance departments of major shareholders.

For example, Wetherspoon has met a compliance officer from one major institution who is responsible for around 400 companies - an impossible task, since the written regulatory output of each company is vast, coupled with the practical impossibility of meeting with so many companies in any meaningful way.

As a result, it appears that compliance officers and governance advisors, in practice, often rely on a "tick-box" approach, which is, itself, in breach of the Code.

A further issue is that many major investors, in their own companies, for sensible reasons, do not observe the nine-year rule, and other rules, themselves. An approach of "do what I say, not what I do" is clearly unsustainable.

Further progress

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

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

Wetherspoon paid £30.1 million in respect of bonuses and free shares to employees in the period ended 31 July 2022, of which 98.8% was paid to staff below board level and 91.5% was paid to staff working in our pubs.

Wetherspoon has been the biggest corporate sponsor of 'Young Lives vs Cancer' (previously CLIC Sargent), having raised a total of £20.6 million since 2002. During the pandemic, our contributions had been reduced, but since the reopening of our pubs there have been great efforts seen and our contributions have bounced back significantly.

Bonuses and Free Shares

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

Financial year	Bonus and free shares	(Loss)/Profit after tax[1]	Bonus and free shares as % of profits
	£m	£m	
2007	19	47	41%
2008	16	36	45%
2009	21	45	45%
2010	23	51	44%
2011	23	52	43%
2012	24	57	42%
2013	29	65	44%
2014	29	59	50%
2015	31	57	53%
2016	33	57	58%
2017	44	77	57%
2018	43	84	51%
2019	46	80	58%
2020	33	(39)	-
2021	23	(146)	-
2022	30	(25)	-
Total	**467**	**557**	**49.7%[2]**

[1](IFRS 16 was implemented in the year ending 26 July 2020 (FY20). From this period all profit numbers in the above table are on a Post-IFRS 16 basis. Prior to this date all profit numbers are on a Pre-IFRS 16 basis.
[2] Excludes 2020, 2021 and 2022.

Length of Service

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

Financial year	Average pub manager length of service	Average kitchen manager length of service
	(Years)	(Years)
2013	9.1	6.0
2014	10.0	6.1
2015	10.1	6.1
2016	11.0	7.1
2017	11.1	8.0
2018	12.0	8.1
2019	12.2	8.1
2020	12.9	9.1
2021	13.6	9.6
2022	13.9	10.4

Food Hygiene Ratings

Wetherspoon has always emphasised the importance of hygiene standards.

We now have 775 pubs rated on the Food Standards Agency's website (see table below). The average score is 4.98, with 98.6% of the pubs achieving a top rating of five stars. We believe this to be the highest average rating for any substantial pub company.

In the separate Scottish scheme, which records either a 'pass' or a 'fail', all of our 60 pubs have passed.

Financial Year	Total Pubs Scored	Average Rating	Pubs with highest Rating %
2013	771	4.85	87.0
2014	824	4.91	92.0
2015	858	4.93	94.1
2016	836	4.89	91.7
2017	818	4.89	91.8
2018	807	4.97	97.3
2019	799	4.97	97.4
2020	781	4.96	97.0
2021	787	4.97	98.4
2022	775	4.98	98.6

Property litigation

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

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

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

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

The properties in Leytonstone and Newbury (the other properties in the case against Mr Lyons) were not pleaded in the 2008/9 Van de Berg case.

Leytonstone was leased to Wetherspoon and trades today as The Walnut Tree public house. Newbury was leased to Pelican plc and became Café Rouge.

As we have also reported, the company agreed to settle its final claim in this series of cases and accepted £400,000 from property investor Jason Harris, formerly of First London and now of First

Urban Group. Wetherspoon alleged that Harris was an accessory to frauds committed by Van de Berg.

Harris contested the claim and has not admitted liability.

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

Press corrections

The press and media have generally been fair and accurate in reporting on Wetherspoon over the decades. However, in the febrile atmosphere of the first lockdown, something went awry and a number of harmful inaccuracies were published.

In order to try and set the record straight, a special edition of Wetherspoon News was published, which includes details of the resulting apologies and corrections, which can be found on the Company's website

(https://www.jdwetherspoon.com/~/media/files/pdf-documents/wetherspoon-news/does-truth-matter_.pdf).

Board changes

Su Cacioppo is retiring from the Wetherspoon board today, 7th October 2022, after 31 years with the company. Su started as a pub manager in 1991, then became an area manager, before eventually becoming the board director responsible for the personnel, legal and marketing departments in 2008.

Sir Richard Beckett KC is also retiring from the board at this year's AGM, after 13 years as a non-executive director of the company, latterly as head of the nominations committee.

I would like to thank sincerely Su and Richard for their dedicated, creative and conscientious work over many years.

Pubwatch

Pubwatch is a forum where pubs in a town or city can meet together regularly, often with a police licensing officer, responsible for pubs in the area.

Local authorities sometimes attend and issues around maintaining good behaviour in pubs and in the town or city generally are debated.

A wide range of initiatives is promoted, including drink spiking awareness, town centre radio links, vulnerability training and refusal of entry to all pubs in the area for customers who misbehave.

Pubwatch has improved wider town and city environments, by bringing together pubs, local authorities and the police, in a concerted way, to encourage good behaviour and to reduce anti-social activity.

Wetherspoon has been a long-standing supporter of local Pubwatch schemes and has helped to organise 16 new schemes in the last year. Wetherspoon pubs are members of over 600 schemes country wide. The company also helps to fund National Pubwatch, founded by just 2 licensees and a police officer in 1997, which is the umbrella organisation that helps set up, coordinate and support local schemes.

It is our experience that in some towns and cities, where the authorities have struggled to control anti-social behaviour, the setting up of a Pubwatch has been instrumental in improving safety and security - not only of licensed premises, but also of the town and city in general, as well as assisting the police in bringing down crime.

Conversely, we have found that in a number of towns, including some towns on the outskirts of London, that the absence of an effective Pubwatch scheme results in higher incidents of crime, disorder and anti-social behaviour.

In our view, Pubwatch is integral to making towns and cities a safe environment for everyone. Therefore, licensees, the police and local authorities throughout the land should give Pubwatch their full support.

Current trading and outlook

As reported above, in the first 9 weeks of the current financial year, to 2 October 2022, like-for-like sales increased by 10.1%, compared to the 9 weeks to 3 October 2021.

As we have also outlined above, the company has improved its prospects in a number of ways in recent financial years - we own an increasing percentage of freehold properties; the balance sheet has been strengthened; interest rates have been fixed at low levels until 2031; we have a large contingent of long-serving pub staff and underlying sales are improving.

However, as a result of the previously reported increases in labour and repair costs and the potentially adverse effects of rises in interest rates and energy costs on the economy, firm predictions are hard to make.

Perhaps the biggest threat to the hospitality industry is the possibility of further lockdowns and restrictions.

Those interested in the UK government,response to the pandemic may like to read the reports by

Professor Francois Balloux, director of the UCL Genetics Institute, in the Guardian, and by Professor Robert Dingwall, of Trent University, in the Telegraph (see pages 54 to 56 of Wetherspoon News

https://www.jdwetherspoon.com/~/media/files/pdf-documents/wetherspoon-news/wetherspoon-news-autumn-2022.pdf).

The conclusion of Professor Balloux, broadly echoed by Professor Dingwall, based on an analysis by the World Health Organisation of the pandemic, is that Sweden (which did not lock down), had a Covid-19 fatality rate "of about half the UK's" and that "the worst performer, by some margin, is Peru, despite enforcing the harshest, longest lockdown."

Professor Balloux concludes that "the strength of mitigation measures does not seem to be a particularly strong indicator of excess deaths."

Indeed, as some commentators have noted, lockdowns were not contemplated in the UK's laboriously compiled pre-pandemic plans. It appears that these plans were jettisoned, early on in the pandemic, in favour of copying China's lockdown approach - an example, perhaps, of Warren Buffett's so-called "institutional imperative" - "everyone else has locked down, so we will, too".

The other major threat to the hospitality industry, as reported above, is the huge and unjustifiable tax advantage that supermarkets enjoy. The hospitality industry pays far higher levels of VAT and business rates than supermarkets. This competitive disadvantage has had an increasingly debilitating impact on the hospitality industry and will undoubtedly result in long-term financial weakness vis a vis supermarkets - which will also be harmful to employees, the Treasury and the overall economy.

These caveats aside, in the absence of further lockdowns or restrictions, the company is cautiously optimistic, for the reasons we have outlined, about future prospects.

Tim Martin
Chairman
6 October 2022

INCOME STATEMENT for the 53 weeks ended 31 July 2022

J D Wetherspoon plc, company number: 1709784

	Notes	53 weeks ended 31 July 2022 Before exceptional items £000	53 weeks ended 31 July 2022 Exceptional items (note 4) £000	53 weeks ended 31 July 2022 After exceptional items £000	52 weeks ended 25 July 2021 Before exceptional items £000	Restated[1] 52 weeks ended 25 July 2021 Exceptional items (note 4) £000	Restated[1] 52 weeks ended 25 July 2021 After exceptional items £000
Revenue	1	1,740,477	-	1,740,477	772,555	-	772,555
Other operating income		-	29,384	29,384	-	15,541	15,541
Operating costs		(1,714,757)	-	(1,714,757)	(872,913)	(24,482)	(897,395)
Operating profit/(loss)	2	25,720	29,384	55,104	(100,358)	(8,941)	(109,299)
Property gains/(losses)	3	2,142	(24,526)	(22,384)	(123)	(5,839)	(5,962)
Finance income	6	531	51,859	52,390	595	-	595
Finance costs	6	(58,841)	-	(58,841)	(67,280)	(12,690)	(79,970)
(Loss)/profit before tax		(30,448)	56,717	26,269	(167,166)	(27,470)	(194,636)
Income tax[1]	7	5,560	(12,562)	(7,002)	20,695	(3,065)	17,630
(Loss)/profit for the period[1]		(24,888)	44,155	19,267	(146,471)	(30,535)	(177,006)
(Loss)/earnings per ordinary share (p)							
- Basic[1]	8	(19.6)	34.8	15.2	(119.2)	(24.9)	(144.1)
- Diluted[1]	8	(19.6)	34.8	15.2	(119.2)	(24.9)	(144.1)

[1] Restated 25 July 2021. See Accounting policies page 48

STATEMENT OF COMPREHENSIVE INCOME for the 53 weeks ended 31 July 2022

	Notes	53 weeks ended 31 July 2022 £000	Restated[1] 52 weeks ended 25 July 2021 £000
Items which will be reclassified subsequently to profit or loss:			
Interest-rate swaps: gain taken to other comprehensive income	22	48,452	44,551
Interest-rate swaps: (loss)/gain reclassification to the income statement	22	(4,332)	11,707
Tax on items taken directly to other comprehensive income[1]	7	(11,051)	(9,133)
Currency translation losses		(1,474)	(3,510)
Net gain recognised directly in other comprehensive income[1]		31,595	43,615
Profit/(loss) for the period[1]		19,267	(177,006)
Total comprehensive profit/(loss) for the period		50,862	(133,391)

[1] Restated 25 July 2021. See Accounting policies page 48

CASH FLOW STATEMENT for the 53 weeks ended 31 July 2022

J D Wetherspoon plc, company number: 1709784

	Notes	53 weeks ended 31 July 2022 £000	Free cash flow[1] 53 weeks ended 31 July 2022 £000	52 weeks ended 25 July 2021 £000	Free cash flow 52 weeks ended 25 July 2021 £000
Cash flows from operating activities					
Cash generated from operations	9	**178,510**	**178,510**	25,208	25,208
Interest received		**97**	**97**	187	187
Interest paid		**(41,044)**	**(41,044)**	(48,428)	(48,428)
Corporation tax (paid)/received		**(715)**	**(715)**	7,673	7,673
Lease interest		**(17,501)**	**(17,501)**	(19,942)	(19,942)
Net cash flow from operating activities		**119,347**	**119,347**	(35,302)	(35,302)
Cash flows from investing activities					
Reinvestment in pubs		**(42,777)**	**(42,777)**	(19,692)	(19,692)
Reinvestment in business and IT projects		**(3,113)**	**(3,113)**	(2,620)	(2,620)
Investment in new pubs and pub extensions		**(51,083)**	**–**	(21,131)	–
Purchase of freeholds		**(25,773)**	**–**	(16,858)	–
Proceeds of sale of property, plant and equipment		**10,547**	**–**	2,575	–
Net cash flow from investing activities		**(112,199)**	**(45,890)**	(57,726)	(22,312)
Cash flows from financing activities					
Purchase of own shares for share-based payments		**(12,808)**	**(12,808)**	(7,684)	(7,684)
Loan issue cost	10	**(192)**	**(192)**	(434)	(434)
Advances/(repayments) under bank loans	10	**50,000**	**–**	(195,000)	–
Advances under CLBILS	10	**–**	**–**	100,033	–
Other loan receivables	10	**(3,542)**	**–**	–	–
Lease principal payments	23	**(38,535)**	**(38,535)**	(17,552)	(17,552)
Issue of share capital	27	**–**	**–**	91,523	–
Asset-financing principal payments	10	**(7,132)**	**–**	(6,901)	–
Net cash flow from financing activities		**(12,209)**	**(51,535)**	(36,015)	(25,670)
Net change in cash and cash equivalents	10	**(5,061)**		(129,043)	
Opening cash and cash equivalents	18	**45,408**		174,451	
Closing cash and cash equivalents	18	**40,347**		45,408	
Free cash flow			**21,922**		(83,284)

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

BALANCE SHEET as at 31 July 2022

J D Wetherspoon plc, company number: 1709784

	Notes	31 July 2022 £000	Restated[1] 25 July 2021 £000
Assets			
Non-current assets			
Property, plant and equipment	13	1,426,862	1,423,826
Intangible assets	12	5,409	5,358
Investment property	14	23,364	10,533
Right-of-use assets	23	419,416	468,538
Other loan receivable	16	2,739	-
Derivative financial instruments	22	61,367	-
Lease assets	23	9,264	9,890
Total non-current assets		1,948,421	1,918,145
Current assets			
Lease assets	23	2,001	1,638
Assets held for sale	17	800	-
Inventories	15	26,402	26,853
Receivables	16	29,400	16,427
Current income tax receivables		2,000	1,187
Cash and cash equivalents	18	40,347	45,408
Total current assets		100,950	91,513
Total assets		2,049,371	2,009,658
Current liabilities			
Borrowings	20	(5,137)	(7,610)
Trade and other payables	19	(282,481)	(259,791)
Provisions	21	(2,661)	(3,004)
Lease liabilities	23	(48,471)	(65,219)
Total current liabilities		(338,750)	(335,624)
Non-current liabilities			
Borrowings	20	(930,404)	(883,272)
Derivative financial instruments	22	(2,031)	(37,643)
Deferred tax liabilities	7	(34,718)	(16,546)
Lease liabilities	23	(421,583)	(458,596)
Total non-current liabilities		(1,388,736)	(1,396,057)
Total liabilities		(1,727,486)	(1,731,681)
Net assets		321,885	277,977
Shareholders' equity			
Share capital	27	2,575	2,575
Share premium account		143,294	143,294
Capital redemption reserve		2,337	2,337
Other reserves		234,579	234,579
Hedging reserve[1]	22	13,617	(19,452)
Currency translation reserve		(144)	1,851
Retained earnings[1]		(74,373)	(87,207)
Total shareholders' equity		321,885	277,977

[1] Restated 25 July 2021. See Accounting policies page 48

The financial statements on pages 11–42, approved by the board of directors and authorised for issue on 6 October 2022, are signed on its behalf by:

John Hutson
Director

Ben Whitley
Director

STATEMENT OF CHANGES IN EQUITY

J D Wetherspoon plc, company number: 1709784

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Other Reserves £000	Restated[1] Hedging reserve £000	Currency translation reserve £000	Restated[1] Retained earnings £000	Total[1] £000
At 26 July 2020		**2,408**	**143,294**	**2,337**	**141,002**	**(66,577)**	**7,089**	**87,695**	**317,248**
Total comprehensive income		-	-	-	-	47,125	(5,238)	(175,278)	(133,391)
Loss for the period[1]		-	-	-	-	-	-	(177,006)	(177,006)
Interest-rate swaps: cash flow hedges	22	-	-	-	-	44,551	-	-	44,551
Interest-rate swaps: amount reclassified to the income statement	22	-	-	-	-	11,707	-	-	11,707
Tax on items taken directly to comprehensive income[1]	7	-	-	-	-	(9,133)	-	-	(9,133)
Currency translation differences		-	-	-	-	-	(5,238)	1,728	(3,510)
Issued share capital (net of expenses)		167	-	-	93,577	-	-	(2,221)	91,523
Share-based payment charges		-	-	-	-	-	-	10,267	10,267
Tax on share-based payment		-	-	-	-	-	-	14	14
Purchase of own shares for share-based payments		-	-	-	-	-	-	(7,684)	(7,684)
As at 25 July 2021 as previously reported		**2,575**	**143,294**	**2,337**	**234,579**	**(15,403)**	**1,851**	**(91,256)**	**277,977**
Effect of restatment[1]		-	-	-		(4,049)	-	4,049	-
Restated[1] At 25 July 2021		**2,575**	**143,294**	**2,337**	**234,579**	**(19,452)**	**1,851**	**(87,207)**	**277,977**
Total comprehensive income		-	-	-	-	33,069	(1,995)	19,788	50,862
Profit for the period		-	-	-	-	-	-	19,267	19,267
Interest-rate swaps: cash flow hedges	22	-	-	-	-	48,452	-	-	48,452
Interest-rate swaps: amount reclassified to the income statement	22	-	-	-	-	(4,332)	-	-	(4,332)
Tax on items taken directly to comprehensive income	7	-	-	-	-	(11,051)	-	-	(11,051)
Currency translation differences		-	-	-	-	-	(1,995)	521	(1,474)
Share-based payment charges		-	-	-	-	-	-	5,874	5,874
Tax on share-based payment		-	-	-	-	-	-	(20)	(20)
Purchase of own shares for share-based payments		-	-	-	-	-	-	(12,808)	(12,808)
At 31 July 2022		**2,575**	**143,294**	**2,337**	**234,579**	**13,617**	**(144)**	**(74,373)**	**321,885**

[1] Restated 25 July 2021. See Accounting policies page 48

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

As at 31 July 2022, the company had distributable reserves of £173.7m (2021: £129.8m).

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

	53 weeks ended 31 July 2022 £000	52 weeks ended 25 July 2021 £000
Bar	1,024,677	440,119
Food	639,683	283,192
Eat out to help out scheme (note 24)	-	23,248
Slot/fruit machines	51,639	17,059
Hotel	22,848	8,592
Other	1,630	345
	1,740,477	772,555

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

This is stated after charging/(crediting):	53 weeks ended 31 July 2022 £000	52 weeks ended 25 July 2021 £000
Variable concession rental payments (note 23)	8,799	2,801
Short-term leases (note 23)	10	784
Cancelled principal payments (note 23)	(4,726)	(10,933)
Repairs and maintenance	101,520	64,020
Net rent receivable	(2,001)	(1,873)
Share-based payments (note 5)	5,874	10,267
Depreciation of property, plant and equipment (note 13)	71,227	73,193
Amortisation of intangible assets (note 12)	3,240	3,151
Depreciation of investment properties (note 14)	87	44
Depreciation of right-of-use assets (note 23)	42,291	44,532

Analysis of continuing operations	53 weeks ended 31 July 2022 £000	52 weeks ended 25 July 2021 £000
Revenue	1,740,477	772,555
Cost of sales[1]	(1,640,202)	(844,574)
Gross profit/(loss)	100,275	(72,019)
Administration costs	(45,171)	(37,280)
Operating profit/(loss) after exceptional items	55,104	(109,299)

Auditor's remuneration	53 weeks ended 31 July 2022 £000	52 weeks ended 25 July 2021 £000
Fees payable for the audit of the financial statements		
– Audit fees	415	303
– Additional audit work (for previous year audit)	85	100
Fees payable for other services:		
– Audit related services (interim audit procedures)	55	33
Total auditor's fees	555	436

[1]Included in cost of sales is £599.8m (2021: £272.8m) relating to cost of inventory recognised as expense.

3. Property losses and gains

	53 weeks ended 31 July 2022 Before exceptional items £000	53 weeks ended 31 July 2022 Exceptional items (note 4) £000	53 weeks ended 31 July 2022 After exceptional items £000	52 weeks ended 25 July 2021 Before exceptional items £000	52 weeks ended 25 July 2021 Exceptional items (note 4) £000	52 weeks ended 25 July 2021 After exceptional items £000
Disposals						
Fixed assets	3,492	(16)	3,476	1,548	1,592	3,140
Leases	(7,368)	–	(7,368)	(2,200)	–	(2,200)
Additional costs of disposal	1,857	112	1,969	775	115	890
	(2,019)	96	(1,923)	123	1,707	1,830
Impairments						
Property, plant and equipment (note 13)	–	19,451	19,451	–	1,999	1,999
Investment properties (note 14)	–	1,015	1,015	–	–	–
Right-of-use assets (note 23)	–	3,964	3,964	–	2,133	2,133
	–	24,430	24,430	–	4,132	4,132
Other						
Other property gains	(123)	–	(123)	–	–	–
	(123)	–	(123)	–	–	–
Total property losses/(gains)	(2,142)	24,526	22,384	123	5,839	5,962

4. Exceptional items

	53 weeks ended 31 July 2022 £000	Restated[1] 52 weeks ended 25 July 2021 £000
Exceptional operating items		
Rank settlement	(27,771)	–
Local government support grants	(1,443)	(11,123)
Duty drawback	(170)	(4,418)
Exceptional operating income	(29,384)	(15,541)
Equipment	–	3,753
Stock losses	–	4,158
Staff costs	–	15,692
Other	–	879
Exceptional operating costs	–	24,482
Total exceptional operating (profit)/loss	(29,384)	8,941
Exceptional property losses		
Disposal programme		
Loss on disposal of pubs	96	1,707
	96	1,707
Other property losses		
Impairment of assets under construction	2,215	–
Impairment of property, plant and equipment	17,236	1,999
Impairment of investment properties	1,015	–
Impairment of right of use assets	3,964	2,133
	24,430	4,132
Total exceptional property losses	24,526	5,839
Other exceptional items		
Exceptional finance costs	1,000	12,690
Exceptional finance income	(52,859)	–
	(51,859)	12,690
Exceptional tax		
Exceptional tax Items[1]	(2,102)	6,336
Tax effect on exceptional items	14,664	(3,271)
	12,562	3,065
Total exceptional Items[1]	(44,155)	30,535

[1] Restated 25 July 2021. See Accounting policies page 48

Rank Settlement
The company has recognised £27,771,000 from HMRC in relation to a long-standing claim, regarding the historic VAT treatment of slot/fruit machines.

The cash received from HMRC was £17,202,000. An amount of £10,569,000 was withheld to settle tax liabilities.This cash was received at the beginning of FY23.

Local government support grants
The company has recognised £1,443,000 (2021: £11,123,000) of local government support grants in the UK and the Republic of Ireland, associated with the COVID-19 pandemic.

Duty drawback
A credit of £170,000 (2021: £4,418,000) for duty drawback was received for perished stock during the period in relation to the COVID-19 lockdown in the UK.

Disposal programme
The company has offered several of its sites for sale. At the end of the period, one (2021: one) further site had been sold.

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

Other property losses
Property impairment relates to pubs which are deemed unlikely to generate sufficient cash flows in the future to support their carrying value. In the year, a total impairment charge of £23,415,000 (2021: £4,132,000) was incurred in respect of the impairment of assets as required under IAS 36. This included £3,420,000 reversal of impairments recognised in the year (2021: £Nil).

In the year, a total impairment charge of £1,015,000 (2021: £Nil) was incurred in respect of the impairment of our investment properties.

Exceptional finance costs
The exceptional finance costs of £1,000,000 relates to covenant-waiver fees.

Exceptional finance income
The company has recognised exceptional finance income of £52,859,000, which relates to the fair value movement on a proportion of its interest rate swaps. £48,527,000 relates to swap transactions where hedge accounting does not apply resulting in fair value movements being recognised through the profit or loss. £4,332,000 relates to hedge ineffectiveness. See page 37 for details.

Taxation
The exceptional tax credit of £2,102,000 relates to the impact of the change in UK tax rate on deferred tax balances.

The tax effect on exceptional items is a charge of £14,664,000 and primarly relates to; derivative contracts (£10,009,000 charge), and the reduction of deferred tax assets in respect of tax losses (£4,653,000 charge).

5. Employee benefits expenses

	53 weeks ended 31 July 2022 £000	52 weeks ended 25 July 2021 £000
Wages and salaries	639,366	520,339
Employee support grants (note 24)	(4,473)	(208,986)
Social security costs	41,637	23,380
Other pension costs	9,657	7,877
Share-based payments	5,874	10,267
Redundancy and restructuring costs	–	6,179
	692,061	359,056

Directors' emoluments	2022 £000	2021 £000
Aggregate emoluments	1,984	1,709
Aggregate amount receivable under long-term incentive schemes	527	181
Company contributions to money purchase pension scheme	195	178
	2,706	2,068

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

For further details of directors' emoluments including the highest paid director, please see the directors' remuneration report on pages 69–77.

	2022 Number	2021 Number
Full-time equivalents		
Head office	332	315
Pub managerial	4,648	4,271
Pub hourly paid staff	19,791	18,736
	24,771	23,322

	2022 Number	2021 Number
Total employees		
Head office	342	326
Pub managerial	4,757	4,377
Pub hourly paid staff	37,028	34,322
	42,127	39,025

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

Share-based payments	53 weeks ended 31 July 2022	52 weeks ended 25 July 2021
Shares awarded during the year (shares)	2,048,275	852,261
Average price of shares awarded (pence)	909	957
Market value of shares vested during the year (£000)	7,122	9,169
Share awards not yet vested (£000)	11,275	14,608

5. Employee benefits expenses (continued)

For details of the share incentive plan and the deferred bonus scheme, refer to the directors' remuneration report on pages 69–77.

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

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

6. Finance income and costs

	53 weeks ended 31 July 2022 £000	52 weeks ended 25 July 2021 £000
Finance costs		
Interest payable on bank loans and overdrafts	22,869	21,903
Amortisation of bank loan and private placement issue costs (note 10)	1,983	1,746
Interest payable on swaps	9,220	18,228
Interest payable on asset-financing	448	664
Interest payable on private placement	6,238	4,907
Finance costs excluding lease interest	40,758	47,448
Interest payable on leases	18,083	19,832
Total finance costs	58,841	67,280
Bank interest receivable	(103)	(188)
Lease interest receivable	(428)	(407)
Total finance income	(531)	(595)
Net finance costs before exceptionals	58,310	66,685
Exceptional finance costs (note 4)	1,000	12,690
Exceptional finance income (note 4)	(52,859)	-
Total exceptional finance (income)/costs	(51,859)	12,690
Net finance costs after exceptionals	6,451	79,375

7. Income tax expense

(a) Tax on loss on ordinary activities

The standard rate of corporation tax in the UK is 19.0%. The company's profits for the accounting period are taxed at a rate of 19.0% (2021: 19.0%).

	53 weeks ended 31 July 2022 Before exceptional items £000	53 weeks ended 31 July 2022 Exceptional items (note 4) £000	53 weeks ended 31 July 2022 After exceptional items £000	52 weeks ended 25 July 2021 Before exceptional items £000	Restated[1] 52 weeks ended 25 July 2021 Exceptional items (note 4) £000	Restated[1] 52 weeks ended 25 July 2021 After exceptional items £000
Taken through income statement						
Current income tax:						
Current income tax charge	22	–	22	(380)	–	(380)
Previous period adjustment	–	2	2	–	1,836	1,836
Total current income tax	22	2	24	(380)	1,836	1,456
Deferred tax:						
Origination and reversal of temporary differences[1]	(4,529)	14,662	10,133	(19,158)	(2,546)	(21,704)
Prior year deferred tax credit	(1,053)	–	(1,053)	(1,157)	(2,561)	(3,718)
Impact of change in UK tax rate	–	(2,102)	(2,102)	–	6,336	6,336
Total deferred tax[1]	(5,582)	12,560	6,978	(20,315)	1,229	(19,086)
Tax (credit)/charge[1]	(5,560)	12,562	7,002	(20,695)	3,065	(17,630)

	53 weeks ended 31 July 2022 Before exceptional items £000	53 weeks ended 31 July 2022 Exceptional items (note 4) £000	53 weeks ended 31 July 2022 After exceptional items £000	52 weeks ended 25 July 2021 Before exceptional items £000	52 weeks ended 25 July 2021 Exceptional items (note 4) £000	52 weeks ended 25 July 2021 After Exceptional items £000
Taken through equity						
Current tax	(2)	–	(2)	6	–	6
Deferred tax	22	–	22	(22)	–	(22)
Tax charge/(credit)	20	–	20	(16)	–	(16)

	53 weeks ended 31 July 2022 Before exceptional items £000	53 weeks ended 31 July 2022 Exceptional items (note 4) £000	53 weeks ended 31 July 2022 After exceptional items £000	52 weeks ended 25 July 2021 Before exceptional items £000	Restated[1] 52 weeks ended 25 July 2021 Exceptional items (note 4) £000	Restated[1] 52 weeks ended 25 July 2021 After exceptional items £000
Taken through comprehensive income						
Deferred tax charge on swaps[1]	8,404	–	8,404	6,241	4,049	10,290
Impact of change in UK tax rate	2,647	–	2,647	(1,157)	–	(1,157)
Tax charge/(credit)[1]	11,051	–	11,051	5,084	4,049	9,133

[1] Restated 25 July 2021. See Accounting policies page 48

7. Income tax expense (continued)

(b) Reconciliation of the total tax charge

The taxation charge for the 53 weeks ended 31 July 2022 is based on the pre-exceptional loss before tax of £30.4m and the estimated effective tax rate before exceptional items for the 53 weeks ended 31 July 2022 of 18.3% (Restated[1] 2021: 14.8%). This comprises a pre-exceptional current tax rate of 0.1% (Restated[1] 2021: 0.2%) and a pre-exceptional deferred tax charge of 18.3% (Restated[1] 2021: 14.6% charge).

The UK standard weighted average tax rate for the period is 19.0% (2021: 19.0%). The current tax rate is lower than the UK standard weighted average tax rate, owing to tax losses in the period.

	53 weeks ended 31 July 2022 Before exceptional items £000	53 weeks ended 31 July 2022 After exceptional items £000	52 weeks ended 25 July 2021 Before exceptional items £000	Restated[1] 52 weeks ended 25 July 2021 After exceptional items £000
(Loss)/profit before income tax	(30,448)	26,269	(167,166)	(194,636)
(Loss)/profit multiplied by the UK standard rate of corporation tax of 19.0% (2021: 19.0%)	(5,785)	4,991	(31,762)	(36,981)
Abortive acquisition costs and disposals	498	498	-	-
Expenditure not allowable	1,001	1,001	1,791	4,680
Fair value movement on SWAP disregarded for tax	–	34	-	-
Other allowable deductions	168	(9)	(19)	(19)
Non-qualifying depreciation	60	4,105	7,029	7,029
Capital gains - effect of reliefs	396	380	728	728
Share options and SIPs	(669)	(669)	955	955
Deferred tax on balance-sheet-only items	(162)	(162)	-	-
Effect of different tax rates and unrecognised losses in overseas companies	(14)	(14)	1,740	1,524
Rate change adjustment[1]	–	(2,102)	-	6,336
Previous year adjustment – current tax	–	2	-	1,836
Previous year adjustment – deferred tax	(1,053)	(1,053)	(1,157)	(3,718)
Total tax expense reported in the income statement[1]	(5,560)	7,002	(20,695)	(17,630)

[1] Restated 25 July 2021. See Accounting policies page 48

7. Income tax expense (continued)

(c) Deferred tax

The deferred tax in the balance sheet is as follows:

The main rate of corporation tax is currently 19%, but this will increase to 25% from 1 April 2023. The rate increase has been substantively enacted; therefore, the deferred tax balances have been recognised at the rate they are expected to reverse. It is noted that the government intends to hold the main rate of corporation tax at 19% but this decision had not been substantively enacted at the reporting date.

Deferred tax liabilities

	Accelerated tax depreciation £000	Other temporary differences £000	Interest-rate swaps £000	Total £000
At 25 July 2021	50,593	5,536	–	56,129
Previous year movement posted to the income statement	(908)	(146)	–	(1,054)
Movement during year posted to the income statement	837	(12)	–	825
Impact of tax rate change posted to the income statement	266	140	–	406
Reclassification from deferred tax asset to deferred tax liability	–	–	14,834	14,834
At 31 July 2022	**50,788**	**5,518**	**14,834**	**71,140**

Deferred tax assets

	Share based payments £000	Tax losses and interest capacity carried forward £000	Interest-rate swaps £000	Total £000
At 25 July 2021	807	29,365	9,412	39,584
Movement during year posted to the income statement	(139)	875	(10,043)	(9,307)
Movement during year posted to comprehensive income	–	–	(8,384)	(8,384)
Movement during year posted to equity	(22)	–	–	(22)
Impact of change in tax rate posted to income statement	–	5,536	(3,172)	2,364
Impact of change in tax rate posted to comprehensive income	–	–	(2,647)	(2,647)
Reclassification from deferred tax asset to deferred tax liability	–	–	14,834	14,834
At 31 July 2022	**646**	**35,776**	**-**	**36,422**

The company has recognised deferred tax assets of £36.4m (2021: £39.6m), which are expected to be offset against future profits. This includes a deferred tax asset of £35.8m (2021: £29.4m), in respect of UK tax losses and current-year interest restrictions capable of reactivation in future periods. This is on the basis that forecasts have been prepared indicating that profits will arise in the foreseeable future, enabling the assets to be utilised.

Deferred tax assets and liabilities have been offset as follows:

	2022 £000	2021 £000
Deferred tax liabilities	71,140	56,129
Offset against deferred tax assets	(36,422)	(39,584)
Deferred tax liabilities	**34,718**	16,545
Deferred tax assets	36,422	39,584
Offset against deferred tax liabilities	(36,422)	(39,584)
Deferred tax asset	**-**	–

As at 31 July 2022, the company had a potential deferred tax asset of £10.9m (2021: £9.1m) relating to capital losses (gross tax losses £35.0m (2021: £26.1m)) and tax losses in the Republic of Ireland (gross tax losses £18.4m (2021: £18.3m)). Both types of losses do not expire and will be available to use in future periods indefinitely. A deferred tax asset has not been recognised, as there is insufficient certainty of recovery.

8. Earnings and free cash flow per share

Weighted average number of shares

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) after tax for the period by the weighted average number of ordinary shares in issue during the financial year of 128,750,155 (2021: 124,668,915) less the weighted average number of shares held in trust during the financial year of 1,924,810 (2021: 1,841,667). Shares held in trust are shares purchased by the company to satisfy employee share schemes that have not yet vested.

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) after tax for the period by the weighted average number of ordinary shares in issue during the financial year adjusted for both shares held in trust and the effects of potentially dilutive shares. For the company, the dilutive shares are those that relate to employee share schemes that have not been purchased in advance and have not yet vested. For the year ended 31 July 2022 and 25 July 2021, the shares were anti-dilutive due to the movements in the average share price against the exercise price of the share scheme. In the event of making a loss during the year, the diluted loss per share is capped at the basic earnings per share as the impact of dilution cannot result in a reduction in the loss per share.

Weighted average number of shares	53 weeks ended 31 July 2022	52 weeks ended 25 July 2021
Shares in issue	128,750,155	124,668,915
Shares held in trust	(1,924,810)	(1,841,667)
Shares in issue - Basic	126,825,345	122,827,248
Dilutive shares	-	-
Shares in issue - Diluted	126,825,345	122,827,248

Earnings / (loss) per share

53 weeks ended 31 July 2022	Profit/(loss) £000	Basic EPS pence	Diluted EPS pence
Earnings (profit after tax)	19,267	15.2	15.2
Exclude effect of exceptional items after tax	(44,155)	(34.8)	(34.8)
Earnings before exceptional items	(24,888)	(19.6)	(19.6)
Exclude effect of property losses (note 3)	(2,142)	(1.7)	(1.7)
Underlying earnings before exceptional items	(27,030)	(21.3)	(21.3)

Restated[1] 52 weeks ended 25 July 2021	(Loss)profit £000	Basic EPS pence	Diluted EPS pence
Earnings (loss after tax)	(177,006)	(144.1)	(144.1)
Exclude effect of exceptional items after tax[1]	30,535	24.9	24.9
Earnings before exceptional items[1]	(146,471)	(119.2)	(119.2)
Exclude effect of property gains (note 3)	123	0.1	0.1
Underlying earnings before exceptional items[1]	(146,348)	(119.1)	(119.1)

[1] Restated 25 July 2021. See Accounting policies page 48

9. Cash used in/generated from operations

	53 weeks ended 31 July 2022 £000	Restated[1] 52 weeks ended 25 July 2021 £000
Profit/(loss) for the period[1]	19,267	(177,006)
Adjusted for:		
Tax (note 7)[1]	7,002	(17,630)
Share-based charges (note 2)	5,874	10,267
Loss on disposal of property, plant and equipment (note 3)	3,476	3,140
Disposal of capitalised leases (note 3)	(7,368)	(2,200)
Net impairment charge (note 3)	24,430	4,132
Interest receivable (note 6)	(103)	(188)
Interest payable (note 6)	41,395	45,702
Lease interest receivable (note 6)	(428)	(407)
Lease interest payable (note 6)	18,083	19,832
Exceptional interest (note 6)	(51,859)	12,690
Amortisation of bank loan and private placement issue costs (note 6)	1,983	1,746
Depreciation of property, plant and equipment (note 13)	71,227	73,193
Amortisation of intangible assets (note 12)	3,240	3,151
Depreciation on investment properties (note 14)	87	44
Aborted properties costs	2,947	628
Cancelled principal payments (note 23)	(4,726)	(10,993)
Foreign exchange movements	(1,474)	-
Amortisation of right-of-use assets (note 23)	42,291	44,532
	175,344	10,633
Change in inventories	452	(3,758)
Change in receivables	(12,171)	15,748
Change in payables	14,885	2,585
Cash flow from operating activities	178,510	25,208

[1] Restated 25 July 2021. See Accounting policies page 48

10. Analysis of change in net debt

	25 July 2021	Cash flows	Other changes	31 July 2022
	£000	£000	£000	£000
Borrowings				
Cash and cash equivalents	45,408	(5,061)	–	**40,347**
Other loan receivable – due before one year	–	803	–	**803**
Asset-financing obligations – due before one year	(7,610)	2,473	–	**(5,137)**
Current net borrowings	37,798	(1,785)	–	**36,013**
Bank loans – due after one year	(776,871)	(49,808)	(1,937)	**(828,616)**
Asset-financing obligations – due after one year	(8,633)	4,659	–	**(3,974)**
Other loan receivable – due after one year	–	2,739	–	**2,739**
Private placement – due after one year	(97,768)	–	(46)	**(97,814)**
Non-current net borrowings	(883,272)	(42,410)	(1,983)	**(927,665)**
Net debt	(845,474)	(44,195)	(1,983)	**(891,652)**
Derivatives				
Interest-rate swaps assets - due after one year	–	–	61,367	**61,367**
Interest-rate swaps liability – due after one year	(37,643)	–	35,612	**(2,031)**
Total derivatives	(37,643)	–	96,979	**59,336**
Net debt after derivatives	(883,117)	(44,195)	94,996	**(832,316)**
Leases				
Lease assets – due before one year	1,638	(1,423)	1,786	**2,001**
Lease assets – due after one year	9,890	–	(626)	**9,264**
Lease obligations – due before one year	(65,219)	40,049	(23,301)	**(48,471)**
Lease obligations – due after one year	(458,596)	–	37,014	**(421,582)**
Net lease liabilities	(512,287)	38,626	14,873	**(458,788)**
Net debt after derivatives and lease liabilities	(1,395,404)	(5,569)	109,869	**(1,291,104)**

The cash movement on bank loans of £49,808,000 is disclosed in the cash flow statement. The amount is the net of £50,000,000 which is shown as an advance/(repayment) under bank loans and the £192,000 of loan issue costs.

The cash movement on asset-financing of £7,132,000 is disclosed in the cash flow statement as 'asset-financing principal payments'.

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

Non-cash movements
The non-cash movement in bank loans and the private placement relate to the amortisation of loan issue costs. The amortisation charge for the year of £1,983,000 is disclosed in note 6. These are arrangement fees paid in respect of new borrowings and are charged to the income statement over the expected life of the loans.

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

Non-cash movement in net lease liabilities 53 weeks ended 31 July 2022	31 July 2022
	£000
Recognition of new leases (note 23)	**(4,458)**
Freehold reversions of existing lease liabilities (note 23)	**15,740**
Remeasurements of existing leases liabilities (note 23)	**(6,742)**
Remeasurements of existing leases assets (note 23)	**1,160**
Disposal of lease (note 23)	**4,514**
Cancelled principal payments (note 23)	**4,726**
Exchange differences (note 23)	**(67)**
Non-cash movement in net lease liabilities	**14,873**

10. Analysis of change in net debt (continued)

Analysis of changes in net debt for 52 weeks ended 25 July 2021

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

Non-cash movement in net lease liabilities 52 weeks ended 25 July 2021	25 July 2021 £000
Recognition of new leases (note 23)	**(12,162)**
Remeasurements of existing leases liabilities (note 23)	**15,602**
Disposal of lease (note 23)	**15,790**
Cancelled principal payments (note 23)	**10,993**
Exchange differences (note 23)	**233**
Non-cash movement in net lease liabilities	**30,456**

11. Dividends paid and proposed

No final dividend has been proposed for approval at the annual general meeting for the 53 weeks ended 31 July 2022 (2021: Nil). Covenants restrict the payment of dividends while the company is part of the coronavirus large business interruption loan scheme (CLBILS). The board will continue to review the dividend policy.

12. Intangible assets

	Computer software and development £000	Assets under construction £000	Total £000
Cost:			
At 26 July 2020	33,417	804	34,221
Additions	–	4	4
Transfers	804	(804)	–
Disposals	(1,474)	–	(1,474)
At 25 July 2021	32,747	4	32,751
Additions	2,875	429	3,304
Disposals	(20)	–	(20)
At 31 July 2022	**35,602**	**433**	**36,035**
Accumulated amortisation:			
At 26 July 2020	(25,326)	–	(25,326)
Provided during the period	(3,151)	–	(3,151)
Exchange differences	(1)	–	(1)
Disposals	1,085	–	1,085
At 25 July 2021	(27,393)	–	(27,393)
Provided during the period	(3,240)	–	(3,240)
Disposals	7	–	7
At 31 July 2022	**(30,626)**	**–**	**(30,626)**
Net book amount at 31 July 2022	**4,976**	**433**	**5,409**
Net book amount at 25 July 2021	5,354	4	5,358
Net book amount at 26 July 2020	8,091	804	8,895

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

13. Property, plant and equipment

	Freehold and long-leasehold property £000	Short-leasehold property £000	Equipment, fixtures and fittings £000	Assets under construction £000	Total £000
Cost:					
At 26 July 2020	1,363,106	295,009	684,732	86,624	2,429,471
Additions	14,783	132	11,251	31,973	58,139
Transfers from investment property	5,768	–	–	–	5,768
Transfers	41,023	4,164	8,385	(53,572)	–
Exchange differences	(1,357)	(144)	(426)	(1,157)	(3,084)
Disposals	(2,623)	(4,385)	(3,631)	–	(10,639)
Reclassification	7,842	(7,842)	–	–	–
At 25 July 2021	1,428,542	286,934	700,311	63,868	2,479,655
Additions	37,019	8,407	33,146	33,700	112,272
Transfers from investment property	-	-	-	(2,170)	(2,170)
Transfers	15,948	1,185	2,572	(19,705)	-
Exchange differences	(1,257)	(53)	(201)	(242)	(1,753)
Transfers to assets held for sale	(1,739)	-	-	-	(1,739)
Disposals	(13,614)	(3,708)	(4,713)	-	(22,035)
Reclassification	12,435	(12,435)	-	-	-
At 31 July 2022	**1,477,334**	**280,330**	**731,115**	**75,451**	**2,564,230**
Accumulated depreciation and impairment:					
At 26 July 2020	(307,297)	(167,009)	(512,387)	–	(986,693)
Provided during the period	(20,281)	(10,499)	(42,413)	–	(73,193)
Transfers from investment property	(290)	–	–	–	(290)
Exchange differences	282	23	249	–	554
Impairment loss	(1,631)	(368)	–	–	(1,999)
Disposals	874	2,405	2,513	–	5,792
Reclassification	(4,090)	4,090	–	–	–
At 25 July 2021	(332,433)	(171,358)	(552,038)	–	(1,055,829)
Provided during the period	(21,336)	(9,704)	(40,187)	-	(71,227)
Exchange differences	122	19	148	-	289
Impairment loss	(18,617)	279	1,102	(2,215)	(19,451)
Transfers to assets held for sale	939	-	-	-	939
Disposals	3,752	2,288	1,871	-	7,911
Reclassification	(6,960)	6,960	-	-	-
At 31 July 2022	**(374,533)**	**(171,516)**	**(589,104)**	**(2,215)**	**(1,137,368)**
Net book amount at 31 July 2022	**1,102,801**	**108,814**	**142,011**	**73,236**	**1,426,862**
Net book amount at 25 July 2021	1,096,109	115,576	148,273	63,868	1,423,826
Net book amount at 26 July 2020	1,055,809	128,000	172,345	86,624	1,442,778

During the period, an amount of £42,777,000 (2021: £19,692,000) was spent on the reinvestment of existing pubs. £25,773,000 (2021: £16,858,000) was spent on freehold reversions. £58,789,000 (2021: £24,051,000) was spent on investment in new pubs and pub extensions. This led to a total capital expenditure of £127,339,000 (2021: £62,671,000).

14. Investment property

The company owns six (2021: three) freehold properties with existing tenants – and these assets have been classified as investment properties. During the year, a property which was originally recognised as part of property, plant and equipment under the category 'assets under construction' has been transferred to investment property. During the year, the company has purchased an additional two investment properties.

	£000
Cost:	
At 26 July 2020	11,842
Additions	4,528
Transfer to property, plant and equipment	(5,768)
At 25 July 2021	10,602
Transfer from property, plant and equipment	2,170
Additions	11,763
At 31 July 2022	**24,535**
Accumulated amortisation:	
At 26 July 2020	(315)
Provided during the period	(44)
Transfer to property, plant and equipment	290
At 25 July 2021	(69)
Provided during the period	(87)
Impairment loss	(1,015)
At 31 July 2022	**(1,171)**
Net book amount at 31 July 2022	**23,364**
Net book amount at 25 July 2021	10,533
Net book amount at 26 July 2020	11,527

Rental income received in the period from investment properties was £790,000 (2021: £397,000). Operating costs, excluding depreciation, incurred in relation to these properties amounted to £16,000 (2021: £12,000).

At the year end, three investment properties were independently valued at £9,431,000. During the year, an impairment charge of £1,015,000 was incurred to adjust the three investment properties which were independently valued from their net book value to their valuation amount. The remaining three investment properties purchased during the period are valued at their purchase price paid of £13,933,000. This is deemed a reasonable fair value of these properties. The total fair value of all of our investment properties at the year end is £23,364,000.

15. Inventories

Bar, food and non-consumable stock held at pubs and the national distribution centre.

	31 July 2022 £000	25 July 2021 £000
Goods for resale at cost	26,402	26,853

16. Receivables

This category relates to situations in which third parties owe the company money. Examples include rebates from suppliers (volume related discounts on certain products) and refunds from councils and governing bodies.

Prepayments relate to advance payments for certain services, for example insurance and tv licences.

	31 July 2022 £000	25 July 2021 £000
Current (due within one year)		
Other loan receivables	803	–
Other receivables	18,601	2,004
Rebate receivable	1,998	1,499
Prepayments	7,998	12,924
	29,400	16,427
Non-current (due after one year)		
Other loan receivables	2,739	–
Total other non-current assets	2,739	–

On 4 August 2022 a cheque was received for £11,347,000 from HMRC in relation to the historic VAT treatment of slot/fruit machines (see note 4 for further details). This cheque was dated before the year-end of 26 July 2022. However, owing to not receiving this cheque until after year-end this amount has been recognised as a receivable under 'other receivables' rather than in cash and cash equivalents in note 18.

Credit risk	31 July 2022 £000	25 July 2021 £000
Due from suppliers – not due	937	1,040
Due from suppliers – overdue	193	964
	1,130	2,004

Credit risk is the risk that a counterparty does not settle its financial obligation with the company. At the period's end, the company has assessed the credit risk on amounts due from suppliers, based on historic experience, meaning that the expected lifetime credit loss was immaterial. Cash and cash equivalents are also subject to the impairment requirements of IFRS9 – no impairment loss was identified..

17. Assets held for sale

These relate to situations in which the company had exchanged contracts to sell a property, but the transaction is not yet complete. As at 31 July 2022, two sites were classified as held for sale (2021:£Nil).

	31 July 2022 £000	25 July 2021 £000
Property, plant and equipment	800	–

18. Cash and cash equivalents

	31 July 2022 £000	25 July 2021 £000
Cash and cash equivalents	40,347	45,408

Cash at bank earns interest at floating rates, based on daily bank deposit rates.

On 4 August 2022 a cheque was received for £11,347,000 from HMRC in relation to the historic VAT treatment of slot/fruit machines (see note 4 for further details). This cheque was dated before the year-end of 26 July 2022. However, owing to not receiving this cheque until after year-end this amount has been recognised as a receivable under 'other receivables' in note 16.

19. Trade and other payables

This category relates to money owed by the company to third parties.

	31 July 2022 £000	25 July 2021 £000
Trade payables	107,886	111,918
Other payables	17,267	27,759
Other tax and social security	67,362	44,237
Accruals	88,758	74,787
Deferred income	1,208	1,090
	282,481	259,791

Trade payables are obligations to pay for goods and services which are of a trade nature while other payables are of a non-trade nature.

Included within tax and social security is corporation tax liability owed but not yet due of £280,000 (2021: £20,383,000) and VAT due of £56,516,000 (2021: £12,069,000).

Accruals relate to allowances made by the company for future anticipated payments, for example; payments to suppliers, employees' wages and interest payments to lenders.

Deferred income comprises of money received in advance for future marketing materials and services.

20. Borrowings

	31 July 2022 £000	25 July 2021 £000
Current (due within one year)		
Other		
Lease liabilities	48,471	65,219
Asset-financing obligations	5,137	7,610
Total current borrowings (including lease liabilities)	53,608	72,829
Non-current (due after one year)		
Bank loans		
Variable-rate facility	730,000	680,000
CLBILS	100,033	100,033
Unamortised bank loan issue costs	(1,417)	(3,162)
	828,616	776,871
Private placement		
Fixed-rate facility	98,000	98,000
Unamortised private placement issue costs	(186)	(232)
	97,814	97,768
Other		
Lease liabilities	421,582	458,596
Asset-financing obligations	3,974	8,633
	425,556	467,229
Total non-current borrowings (including lease liabilities)	1,351,986	1,341,868
Total borrowings (including lease liabilities)	1,405,594	1,414,697

Lease liabilities
The carrying amounts of lease liabilities and the movements during the period are outlined in note 23.

Asset-financing obligations
Asset-financing obligations relate to asset finance leases of equipment in pubs.

Variable-rate facility
The secured Revolving Credit Facility is £875m. As at 31 July 2022, £730m was drawn down (2021: £680m). There are 14 participating lenders. £20m matures in February 2024 while £855m matures in February 2025. The company has hedged its interest-rate liabilities to its banks by swapping the floating-rate debt into fixed-rate debt, see note 22.

CLBILS
On 7 August 2020 and 18 March 2021, the company agreed to secured loans under the CLBILS for £48,333,332 and £51,700,000, respectively. The loans have four participating lenders and an average fixed-interest charge of 1.94%; all of loans mature in August 2023.

Unamortised bank loan issue costs
Unamortised bank loan issue costs primarily relate to refinancing, securing and extending the variable-rate facility.

Private placement
The fixed-rate facility relates to senior secured notes of £98m. The notes mature in 2026.

The company has an overdraft facility of £10m.

21. Provisions

	Total £000
At 25 July 2021	3,004
Charged to the income statement:	
– Additional charges	2,781
– Unused amounts reversed	(2,588)
– Used during year	(536)
At 31 July 2022	**2,661**

	31 July 2022 £000	25 July 2021 £000
Current	**2,661**	3,004
Non-current	**–**	–
Total provisions	**2,661**	3,004

Legal claims
The amounts represent a provision for ongoing legal claims brought against the company in the normal course of business, by customers and employees. Owing to the nature of the business, the company expects to have a continuous provision for outstanding employee and public liability claims. All claim provisions are considered current and are therefore not discounted.

22. Financial instruments

Fair values
The company has the following financial instruments. IFRS13 requires disclosure of fair value measurements by level, using the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included in level 1 which are observable for the asset or liability, either directly or indirectly (level 2)
- Inputs for the asset or liability which are not based on observable market data (level 3)

	Hierachy	31 July 2022 Book value £000	31 July 2022 Fair value £000	25 July 2021 Book value £000	25 July 2021 Fair value £000
Financial assets at amortised cost					
Cash and cash equivalents		40,347	40,347	45,408	45,408
Receivables		1,130	1,130	2,004	2,004
Lease assets	3	11,265	11,378	11,528	11,643
		52,742	52,855	58,940	59,055
Financial liabilities at amortised cost					
Trade and other payables		(213,911)	(213,911)	(214,464)	(214,464)
Asset-financing obligations	2	(9,111)	(9,111)	(16,243)	(16,406)
Lease obligations	3	(470,054)	(470,054)	(523,815)	(529,053)
Private placement	2	(97,814)	(94,166)	(97,768)	(98,746)
Borrowings	2	(828,616)	(811,795)	(776,871)	(784,639)
		(1,619,506)	(1,599,037)	(1,629,161)	(1,643,308)
Derivatives – cash flow hedges					
Non-current derivative financial liability	2	(2,031)	(2,031)	(37,643)	(37,643)
Non-current derivative financial asset	2	61,367	61,367	-	-
		59,336	59,336	(37,643)	(37,643)

The fair value of derivatives has been calculated by discounting all future cash flows by the market yield curve. The fair value of borrowings and the private placement has been calculated by discounting the expected future cash flows at the year end's prevailing interest rates. The borrowings are deemed to be short-term for the purposes of the fair value calculations (see note 20 for split) given the draw down nature of the Revolving Credit Facility. The fair value of investment properties has been disclosed in note 14 (hierarchy level of 3).

Maturity profile of financial liabilities
The table below presents the maturity profile of the company's financial liabilities using the contractual undiscounted cash flows.

	Within 1 year £000	1–2 years £000	2–5 years £000	More than 5 years £000	Total £000
At 31 July 2022					
Borrowings	31,750	51,330	871,461	–	954,541
Borrowings – CLBILS	2,599	100,119	–	–	102,718
Private placement	3,655	3,655	107,138	–	114,448
Trade and other payables	213,911	–	–	–	213,911
Derivatives	3,211	(698)	(353)	(1,858)	302
Lease liabilities	48,471	48,029	133,041	382,369	611,910
Asset-financing obligations	5,137	4,332	–	–	9,469
At 26 July 2021					
Borrowings	21,798	21,798	908,406	–	952,002
Borrowings – CLBILS	2,005	2,005	100,138	–	104,148
Private placement	3,655	3,655	10,965	99,828	118,103
Trade and other payables	214,464	–	–	–	214,464
Derivatives	12,054	11,969	15,842	5,231	45,096
Lease liabilities	65,219	49,587	142,670	427,520	684,996
Asset-financing obligations	7,610	5,145	4,323	–	17,078

22. Financial instruments (continued)

Capital risk management
The company's capital structure comprises shareholders' equity and loans. The objective of capital management is to ensure that the company is able to continue as a going concern and provide shareholders with returns on their investment, while managing risk.

The company does not have a specific measure for managing capital structure; instead, the company plans its capital requirements and manages its loans, dividends and share buybacks accordingly. In a normal trading year, the company measures loans using a ratio of net debt to EBITDA. With covenant waivers agreed until January 2023, relaxed covenants effective April and July 2023 and returning to normal covenant levels from October 2023 management's primary metrics are liquidity until April 2023 and then profitability and net debt thereafter.

Liquidity rate risk management
Outlined in note 20 are the facilities entered into to meet the short and long-term liquidity needs of the business. The objective is to ensure that the company has sufficient financial resources to meet working capital requirements as well as funds for reinvestment and development. The company's borrowings depend on the meeting of financial covenants, which if breached, could result in funding being withdrawn. The company has agreed on covenant waivers with its lenders as outlined above.

Credit risk management
The company does not have a significant concentration of credit risk, as the majority of its revenue is in cash. There is little associated credit risk assigned to derivative financial assets as contracts are held with commercial bank counterparties.

Interest rate risk management
The company is exposed to interest rate risk through variable rates on external borrowings. The company's interest-rate swap agreements are in place to mitigate this risk. Under these agreements, the company pays a fixed interest charge and receives variable interest income which matches the variable interest payments made on the company's borrowings.

The company has hedged its interest-rate liabilities to its banks by swapping the floating-rate debt into fixed-rate debt which has fixed £770m of these borrowings at rates of between 0.61 and 3.84%. These interest rate swaps are accounted for through a combination of fair value through profit or loss and hedging reserves within other comprehensive income. The effective weighted average interest rate of the swap agreements used during the year is 1.61% (2021: 2.42%), fixed for a weighted average period of 6.4 years (2021: 3.8 years). In addition, the company has entered into forward-starting interest-rate swaps, detailed in the table below.

Weighted average swap by period:

From	To	Total swap value £m	Weighted average interest %
30/07/2021	30/07/2023	770	1.61
30/07/2023	30/07/2026	770	1.10
31/07/2026	30/06/2028	770	1.33
01/07/2028	29/03/2029	770	1.32
31/03/2029	30/11/2031	770	1.02

Interest-rate sensitivity
The amounts drawn under this agreement can be varied, depending on the requirements of the business. The floating-rate borrowings are interest-bearing borrowings at rates based on SONIA, fixed for periods of up to one month. During the 53 weeks ended 31 July 2022, if the interest rates on UK-denominated borrowings had been 1% higher, with all other variables constant, pre-tax loss for the year would have been reduced by £34,000 and equity increased by £67,660,000. The movement in equity arises from a change in the 'mark to market' valuation of the interest-rate swaps into which the company has entered, calculated by a 1% shift of the market yield curve. The company notes that an increase in borrowings of 1% would also increase interest charges. The company considers that a 1% movement in interest rates represents a reasonable sensitivity to potential changes. However, this analysis is for illustrative purposes only.

An analysis of the interest-rate profile of financial liabilities, is set out below:

	31 July 2022 £000	25 July 2021 £000
Analysis of interest-rate profile of financial liabilities		
Floating rate due after one year	728,583	676,839
Fixed rate due after one year	100,033	100,033
	828,616	776,872
Asset-financing obligations		
Fixed rate due in one year	5,137	7,610
Fixed-rate due after one year	3,974	8,633
	9,111	16,243
Private placement		
Fixed rate due after one year	97,814	97,767
	97,814	97,767
	935,541	890,882

22. Financial instruments (continued)

The below table outlines the movements in fair value among the hedging reserve, comprehensive income and the income statement during the year:

Interest-rate swaps	2022 £000	Restated[1] 2021 £000
Carrying value of derivative financial instruments - Liability	(2,031)	(37,643)
Carrying value of derivative financial instruments - Asset	61,367	-
Change in fair value of derivatives	96,979	44,551
Hedge (gains)/losses recognised in comprehensive income in respect of continuing hedges	(48,452)	(44,551)
Hedge (gains)/losses recognised in profit or loss in respect of hedges held at fair value through the profit or loss (Note 4)	(48,527)	-
Hedge ineffectiveness reclassified from the reserve to profit or loss relating to continuing hedges (Note 4)	(8,134)	11,707
Amortisation to profit or loss of cashflow hedge reserve relating to discontinued hedge relationships (Note 4)	3,802	-
Hedging reserve balance in respect of continuing hedges[1]	(14,516)	19,452
Hedging reserve balance in respect of discontinued hedges	899	-

Hedging Reserve	2022 £000	Restated[1] 2021 £000
Opening	19,452	66,577
Hedging (gains)/losses recognised in comprehensive income	(48,452)	(44,551)
Hedge ineffectiveness reclassified from the hedging reserve to profit or loss / Amortisation to profit or loss of cashflow hedge reserve relating to discontinued hedge relationships	4,332	(11,707)
Deferred tax posted to comprehensive income[1]	11,051	9,133
Closing[1]	(13,617)	19,452

[1] *Restated 25 July 2021. See Accounting policies page 48*

The company has multiple interest-rate swaps which up to 25 July 2021 were designated in a combination of seven hedge relationships. In addition one new derivative was entered into during the year which has not been designated for hedge accounting. The impact on the accounts is as follows:

- In the year ended 25 July 2021, three of the company's hedge relationships were discontinued from hedge accounting as a result of future variable debt no longer being forecast at the same levels as when the instruments were originally established. Since 25 July 2021, the fair value movements on the respective derivatives are included in profit and loss. The cash flow hedge reserve was frozen at the time of discontinuation and is amortised to the profit or loss accordingly. Fair value movements of -£4,332k have been recognised in the income statement as opposed to other comprehensive income during the financial period.
- On 29 October 2021, several interest-rate swaps that were designated within three of the hedge relationships were novated from HSBC to Barclays. On novation, the interest-rate swap and the variable-rate debt no longer qualified for hedge accounting, resulting in partial discontinuation being recognised.
- On 15 November 2021, a new derivative made up of one interest-rate swap was entered into for the purposes of fixing variable rate debt from 2029 to 2031. The interest rate swap does not qualify for hedge accounting on the basis that no hedge documentation was put in place to permit it. During the financial year, fair value movements of £16,230k were recognised in the income statement as opposed to comprehensive income.
- During the year ended 31 July 2022, two relationships were deemed to be partially ineffective as a result of future variable debt no longer being forecast at the same levels as when the instruments were originally established. £4,013k was reclassified from the hedging reserve to profit or loss during the financial year as a result of partial ineffectiveness of this swap. The company reviews and forecasts it's variable debt financing requirements at each reporting period. Any changes in forecasts impact the effectiveness of the interest-rate hedges in place which are for a nominal value of £770m per period.

Remaining in the hedging reserve, is -£14,516k of fair value relating to continuing hedges (Restated[1] 2021: £19,452k) and £899k of fair value relating to hedges which have been discontinued (2021: £Nil). The fair value of discontinued hedges will be recycled to the income statement over the remaining period of maturity.

Interest-rate benchmark (IBOR) reform
The company's interest-rate swaps, which swap floating interest rates paid for a fixed interest rate, were previously based on an index called the London interbank offered rate (LIBOR). The IBOR issued in September 2019 has resulted in LIBOR being replaced with an index called sterling overnight index average (SONIA). The amendments of the reform have been adopted, as at 1 January 2022, to hedging relationships which already existed, or were designated thereafter.

The amendments provided temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. Hedges have still been measured for effectiveness, with any ineffectiveness being charged in the income statement. No hedges have been derecognised as a result of the IBOR reform.

22. Financial instruments (continued)

Obligations under asset-financing
The minimum lease payments under asset-financing fall due as follows:

	31 July 2022 £000	25 July 2021 £000
Within one year	5,137	7,610
In the second to fifth year, inclusive	4,332	9,468
	9,469	17,078
Less future finance charges	(358)	(835)
Present value of lease obligations	9,111	16,243
Less amount due for settlement within one year	(5,137)	(7,610)
Amount due for settlement during the second to fifth year, inclusive	3,974	8,633

All asset-financing obligations are in respect of various equipment used in the business. No escalation clauses are included in the agreements.

23. Leases

The following amounts, relating to lease cashflows, were debited/credited to the income statement during the period:

Rent cash flow analysis	31 July 2022 £000	25 July 2021 £000
Cash outflows relating to capitalised leases	57,630	35,829
Expense relating to short-term leases	10	784
Expense relating to variable element of concessions	8,799	2,801
Total cash outflows	**66,439**	**39,414**
Cash inflows relating to capitalised leases	(1,852)	(1,736)
Income relating to lessor sites	(2,001)	(1,609)
Total cash inflows	**(3,853)**	**(3,345)**

The balance sheet shows the following amounts relating to leases. These have been reconciled in sections (a) to (d) below:

Balance sheet position	31 July 2022 £000	25 July 2021 £000
Right-of-use asset[1] (a)	**419,416**	468,538
Non-current lease asset	9,264	9,890
Current lease assets	2,001	1,638
Total lease assets[2] (b) (d)	**11,265**	11,528
Current lease liability	(48,471)	(65,219)
Non-current lease liability	(421,583)	(458,596)
Total lease liability[1] (c) (d)	**(470,054)**	(523,815)

[1]Right-of-use assets and lease liabilities relate to leasehold properties occupied by J D Wetherspoon.
[2]Lease assets relate to leasehold properties sublet by J D Wetherspoon.

23. Leases (continued)

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Cost:	£000
As at 25 July 2021	558,897
Reclassification of prior year remeasurement[1]	3,704
Restated as at 25 July 2021	562,601
Additions	4,458
Remeasurement	10,148
Freehold reversions	(16,492)
Disposals and derecognised leases	(3,453)
At 31 July 2022	557,262

Accumulated depreciation and impairment:	£000
As at 25 July 2021	(90,359)
Reclassification of prior year remeasurement	(3,704)
Restated as at 25 July 2021	(94,063)
Provided during the period	(42,291)
Exchange differences	(77)
Impairment loss	(3,964)
Freehold reversions	1,878
Disposals and derecognised leases	671
At 31 July 2022	(137,846)
Net book amount at 31 July 2022	**419,416**
Net book amount at 25 July 2021	468,538

[1] A reclassification of prior year remeasurments has been made between cost and accumulated depreciation. This reclassification does not impact the net book value of right-of-use assets.

During the period, additions related to four new lease contracts that were signed. 41 leases were remeasured as a result of changes in the agreed payments under the lease contracts and changes in the lease terms. Exchange differences occur as a result of translating the capitalised leases in the Republic of Ireland. 13 freehold reversions took place in the year while disposals and derecognised leases totalled six. In the year ended 25 July 2021, lease additions totalled £12,162k and depreciation £44,532k.

(b) Sublet properties

Set out below are the carrying amounts of the lease assets recognised and the movement during the period. The company sublets several of its leases, with lease assets being the capitalised future rent receivable from sublet sites.

Lease assets

	£000
As at 26 July 2020	**12,851**
Interest due in period	413
Cash inflows for the period	(1,736)
As at 25 July 2021	**11,528**
Remeasurement of leases	1,160
Interest due in the period	428
Cash inflows for the period	(1,851)
At 31 July 2022	**11,265**

Where needed, deferral terms were agreed on with lessees in relation to COVID-19 pandemic. There are no material expected credit losses.

The interest payable and receivable shown in the table above is the interest element of the payments made and received in the period. These amounts differ from the lease interest charged/credited to the income statement in the period – see note 6. The amounts charged/credited to the income statement in the period will also include amounts due, yet not paid, in the period. The incremental borrowing rate applied to lease liabilities and assets was 1.9–3.6%, depending on the lease's length.

23. Leases (continued)

(c) Lease liability

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

Lease liability	2022 £000	2021 £000
Lease liability as at commencement of period	523,815	573,146
Additions	4,458	12,162
Freehold reversions	(15,740)	-
Remeasurements of leases	6,742	(15,602)
Disposals	(4,514)	(15,790)
Cancelled principal payments (due to expedient)	(4,726)	(10,993)
Exchange differences	67	(233)
Lease liabilities before payments	510,102	542,690
Interest payable in period:		
Interest expense within period (discounting element)	18,083	19,872
Cancelled interest expense (due to expedient)	(501)	(2,918)
	17,582	16,954
Total cash outflow for leases in period:		
Lease payment commitments for period	(62,857)	(53,602)
Cancelled payment commitments (due to expedient)	5,227	13,911
Deferred payment commitments	-	3,862
	(57,630)	(35,829)
Net principal payments at 31 July 2022	(40,048)	(18,875)
At 31 July 2022	470,054	523,815

The company has applied the rent concessions practical expedient during the financial period, allowing reductions in rent payments due on or before June 2022 to be credited to the income statement, rather than requiring remeasurement of the lease.

Included within remeasurement of leases are principal payments of £4,726k (2021: £10,993k) credited to the income statement, and a reduction in associated interest charges of £501k (2021: £2,918k) resulting in a total credit to the income statement of £5,227k (2021: £13,911k) which is disclosed in cash generated from operations, note 9. Future rental payments, up to the end of the lease, are capitalised, including any agreed increases.

Future rent payments could change as a result of open-market rent reviews or options being exercised to terminate a lease early. Any changes in the minimum unavoidable lease payments will be included as a remeasurement of the lease liability. The accounting policies (page 46) further describe the policy in relation to the termination of leases.

23. Leases (continued)

(d) Lease maturity profile

Set out below are the remaining maturities (period between the balance sheet date and the end of the lease) of the lease liabilities and lease assets, which are undiscounted:

	Lease liabilities		Lease assets	
	31 July 2022 £000	25 July 2021 £000	31 July 2022 £000	25 July 2021 £000
Within one year	48,471	65,219	2,001	1,638
Between one and two years	48,029	49,587	1,332	1,586
Between two and three years	46,233	49,508	1,140	1,130
Between three and four years	43,777	47,872	1,128	1,084
Between four and five years	43,031	45,290	1,124	1,070
After five years	382,369	427,520	6,518	7,255
Lease commitments payable / receviable	611,910	684,996	13,243	13,763
Discounting	(141,856)	(161,181)	(1,978)	(2,235)
Lease liability / lease asset	470,054	523,815	11,265	11,528

24. Government support

	31 July 2022 £000	25 July 2021 £000
Eat out to help out (note 1)	–	(23,248)
Local government grants (note 4)	(1,443)	(11,123)
Employee support grants (note 5)	(4,473)	(208,986)
	(5,916)	(243,357)

The government support in the table above should be viewed in context of the contribution to the economy as on page 6.

Local government grants
From 9 September 2020, the UK Government made available several grants to support those businesses adversely affected by the pandemic. Applications were made to the respective local authorities in line with the eligibility criteria for each scheme. The Irish Government introduced a similar grant (COVID Restrictions Support Scheme), for which the company applied for centrally. Government grants were recognised at the point at which funds were receipted. In the year, £1.4m was receipted (£1.3m in relation to the UK and £0.1m in relation to the Republic of Ireland). The grants were treated as exceptional income.

Employee support grants
The coronavirus job retention scheme,(CJRS) and equivalent Republic of Ireland schemes, were introduced at the beginning of the pandemic to support companies in retaining employees, in the form of grants to cover a proportion of the wages and salaries of furloughed staff. The claims have been made weekly since April 2020 for weekly paid employees and monthly for salaried employees. These are accounted for as a credit to wages and salaries within employee costs. In the year, £4.5m was receipted (£0.2m in relation to the UK and £4.3m in relation to the Republic of Ireland).

25. Capital commitments

At 31 July 2022, the company had £9.8m (2021: £10.0m) of capital commitments, relating to the purchase of nine (2021: eight) sites, for which no provision had been made in respect of property, plant and equipment.

The company had some other sites in the property pipeline; however, any legal commitment is contingent on planning and licensing. Therefore, there are no commitments at the balance sheet date.

26. Related-party disclosures

J D Wetherspoon is the owner of the share capital of the following companies:

Company name	Country of incorporation	Ownership	Status
J D Wetherspoon (Scot) Limited	Scotland	Wholly owned	Dormant
J D Wetherspoon Property Holdings Limited	England	Wholly owned	Dormant
Moon and Spoon Limited	England	Wholly owned	Dormant
Moon and Stars Limited	England	Wholly owned	Dormant
Moon on the Hill Limited	England	Wholly owned	Dormant
Moorsom & Co Limited	England	Wholly owned	Dormant
Sylvan Moon Limited	England	Wholly owned	Dormant
Checkline House (Head Lease) Limited	Wales	Wholly owned	Dormant

All of these companies are dormant and contain no assets or liabilities and are, therefore, immaterial. As a result, consolidated accounts have not been produced. The company has an overseas branch in the Republic of Ireland.

The registered office of all of the above companies is the same as that for J D Wetherspoon plc, as disclosed on the final page of these accounts.

As required by IAS 24, the following information is disclosed about key management compensation.

Key management compensation	2022 £000	2021 £000
Short-term employee benefits	2,950	2,493
Post-employment pension benefits	611	280
Share-based payment	300	273
	3,861	3,046

Key management comprises the executive directors, non-executive directors and management board, as detailed on page 65.

For additional information about directors' emoluments, please refer to the directors' remuneration report on pages 69–77.

Directors' interests in employee share plans
Details of the shares held by executive members of the board of directors' are included in the remuneration report on pages 69–77 which forms part of these financial statements.

27. Share capital

	Number of shares 000s	Share capital £000
At 26 July 2020	120,380	2,408
Issue of shares	8,370	167
At 25 July 2021	128,750	2,575
At 31 July 2022	**128,750**	**2,575**

The total authorised number of 2p ordinary shares is 500,000,000 (2021: 500,000,000). All issued shares are fully paid.

While the memorandum and articles of association allow for preferred, deferred or special rights to attach to ordinary shares, no shares carried such rights at the balance sheet date.

28. Events after the balance sheet date

On 23 September 2022, the government announced a growth plan which included an intention for the main rate of corporation tax to remain at 19%. This announcement does not affect the year ended 31 July 2022 and the change has not been substantively enacted at the reporting date.

On 26 September 2022, the company announced that 32 of its pubs will be put on the market as part of a one-off disposal programme. Mangaement has concluded this to be a non-adjusting event on the basis that events and conditions arose after the end of the financial period. Of the 32 pubs being marketed, 10 are freehold and 22 are leasehold units. A reasonable estimate of the financial effect cannot be made at this time, while valuations are still being determined.

Authorisation of financial statements and statement of compliance with IFRSs
The financial statements of J D Wetherspoon plc (the 'Company') for the 53 weeks ended 31 July 2022 were authorised for issue by the board of directors on 6 October 2022, and the balance sheet was signed on the board's behalf by John Hutson and Ben Whitley.

J D Wetherspoon plc is a public limited company, incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

Basis of preparation
The Company's financial statements have been prepared in accordance with the UK-adopted international accounting standards and have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements have been prepared on the going-concern basis, using the historical cost convention, except for the revaluation of financial instruments.

The principal accounting policies adopted by the Company are set out on pages 43–48. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 July 2022.

These policies have been consistently applied to all of the years presented, unless otherwise stated.

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

The Company has modelled a base forecast in which, over the period to 28 January 2024 as it continues to emerge from the pandemic, sales, profit and cash flow growth continues. The Company has anticipated within this forecast continued high levels of inflation, particularly on food products, wages and repairs.

A more cautious scenario has been analysed, in which sales decline by 5% in the next 12 months, compared with FY19. The Company has reviewed, and is satisfied with, the mitigating actions which it could take if such a decline were to occur. Such actions could include reducing discretionary expenditure and/or implementing price increases.

The directors are satisfied that the Company has sufficient resources (eg profitability/liquidity) to withstand adjustments to the base forecast, as well as the downside scenario.

The Company has agreed with its lenders to replace normal financial covenant tests with a minimum liquidity covenant for the period up to and including January 2023, and relaxed leverage covenant tests for the second half of the financial year to 30 July 2023. The Company is confident that it will be in a position to return to normal financial covenant tests thereafter. The Company has re-financing options available including possible extensions on the revolving credit facility.

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

Important judgements
The key judgements made in preparing the financial statements are detailed below.

Hedging
The Company hedge accounts for interest-rate swaps if it meets the specified qualifying criteria outlined by IFRS 9. When these criteria are met, the Company is required to measure the effectiveness of the hedged relationship, which is defined as the extent to which changes in the fair value of the interest-rate swap offset changes in the fair value of the hedged item, being the drawdowns of borrowings. Management makes judgements in forecasting drawdowns of future borrowings, as well as future interest rates. Changes in these forecasts may result in all or part of the gain or loss, which was originally reported in comprehensive income, being deemed ineffective and therefore transferred to the income statement. Once deemed ineffective, the adjustment cannot be reversed. As outlined in note 22, hedge ineffectiveness of £8,134k has been recognised within the income statement in the period.

The application of the IBOR reform amendments are further discussed on page 37.

Exceptional items
A degree of judgement is required in determining whether certain transactions merit separate presentation to allow shareholders to better understand financial performance in the year, when compared with that of previous years and trends.

Important estimates
The areas where the Company has made significant estimates are listed below.

Impairment of property, plant and equipment
The Company recognised impairment charges of £26,836k (2021: £4,132k) and impairment reversals of £3,420k during the period (2021: £Nil). Impairment tests are performed at the end of each reporting period, when there are indicators to do so. Impairments are made if future cash flows are lower than the carrying value of assets. Impairment reversals are made if future cash flows are higher than the carrying value of assets and the previous impairments made. Management exercises judgement in determining future cash flows. Assets include property, plant and equipment, right-of-use-assets and other intangible assets. Each pub is treated as a separate cash generating unit. Cash flows are discounted by the Company's weighted average cost of capital (WACC) of 10.2% (2021: 8.7%). For leasehold pubs, a combination of both the WACC and the internal rate of borrowing (IBR) per specific lease is used. Both WACC and IBR are independently calculated. In some instances, management recognises impairment through obtaining the fair value less costs of disposal for an individual pub. On these occasions, external valuations are obtained.

Sensitivity analysis has been performed to determine the theoretical impact on impairment should scenarios occur which are alternative to those included within the impairment workings. These sensitivities have been applied to the properties impaired during the period:
- A 25% reduction of year one future cash flows would increase the impairment charge by £1,267k.
- An increase of 0.8% in the WACC would increase the impairment charge by £2,582k.

The below sensitivity has been applied to the properties included in the company's watch list. The determination of the watch list considers both quantitative and qualitative factors:
- A 25% reduction of year one future cash flows would increase the impairment charge by £3,438k.

If a previously recognised impairment charge is reversed, the value of the pub will be increased to the lower of the book value as if the asset had not been impaired and the future cash flows which the pub would generate.

Segmental reporting
The Company operates predominantly one type of business (pubs) in the United Kingdom and the Republic of Ireland. The company does not separately disclose the results of the hotel business or Republic of Ireland trading given the size, sensitive nature and level of review by the board.

Exceptional items
The Company presents, on the face of the income statement, those items of income and expense which, because of the nature and magnitude of the event giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year. This helps to facilitate comparison with previous years and to better assess trends in financial performance. Impairment charges, reversals of fixed assets and fair value movements in interest-rate swaps are reported as exceptional, regardless of magnitude, to provide consistency of treatment with previous years and a better understanding for the financial statement's users.

Property gains and losses
The Company defines property gains and losses as those items of income and expenditure which are the result of owning and leasing assets which are non-recurring in nature. These include the impairment of fixed assets, along with the proceeds and costs from the disposal of assets. These items are presented on the face of the income statement to more clearly show the Company's underlying performance. The Company does not consider these costs to be operating in nature.

Fixed assets
Fixed assets include property, plant and equipment, intangible assets and investment properties'. They are all stated at cost, less accumulated depreciation and any impairment in value.

Cost of assets includes acquisition costs, as well as other directly attributable costs in bringing the asset into use.

Within note 13: property, plant and equipment, fixed assets are categorised as:

Asset category	Description	Depreciation policy (straight line)
Freehold and long-leasehold property	Land, buildings and structural/building improvement assets at freehold and long-leasehold pubs.	Depreciated to their estimated residual values over 50 years. Land is not depreciated.
Short-leasehold property	Structural/building improvement assets at leasehold pubs.	Depreciated over the lease period.
Equipment, fixtures and fittings	Assets within pubs including kitchen, bar and cellar equipment, furniture, IT software and IT hardware.	Depreciated over 3 to 10 years.
Assets under construction	Assets at sites which are not yet trading and/or extension works to existing pubs.	Assets are not depreciated until they are ready for use.

Residual values and useful economic lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Profits and losses on disposal of fixed assets reflect the difference between the net selling price and the carrying amount at the date of disposal and are recognised in the income statement.

The carrying value of fixed assets is reviewed annually for impairment, with any impairment losses recognised in the income statement.

Assets held for sale
Where the value of an asset will be recovered through a sale transaction, rather than continuing use, the asset is classified as held for sale. It is the view of management that the Company is not committed to selling a site until a contract for sale has been exchanged. Assets held for sale are valued at the lower of book value and fair value, less any costs of disposal, and are no longer depreciated.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a weighted average basis, with net realisable value being the estimated selling price, less any costs of disposal. Provision is made for obsolete, slow-moving or damaged inventory, where appropriate.

Bar and food inventory is recognised as an expense when sold. Non-consumable inventory is recognised as an expense immediately on receipt at a pub or hotel.

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of that obligation's amount.

Revenue recognition
Revenue is recognised when bar and food products are served to customers, after deducting discounts and sales-based taxes.

Slot/fruit machine sales are recognised as the net proceeds taken from the machines, after deducting gaming duty.

Revenue from hotel rooms is recognised when rooms are occupied and services are provided, after deduction of discounts and sales-based taxes.

The Company operates a gift card scheme – revenue from these cards is deferred until the card is redeemed in pubs.

Except for hotel revenue, which is generally received in advance of occupation, all other payments for goods and services are received at the point of sale.

There are no significant judgements or estimations made in calculating and recognising revenue. Revenue is not materially accrued or deferred between one accounting period and the next.

Government grants
Monetary and non-monetary resources transferred to the Company by government, government agencies or similar bodies are recognised at fair value, when the Company receives the grant. Grants will be recognised net 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.

Grants are disclosed in the note 24 to the accounts on page 41, which discloses government support.

Leases
The Company has leases for properties across the UK and the Republic of Ireland. There are no other material leases recognised under other IFRS 16 categories.

Lessee accounting
On completion of a contract (the point at which a contract becomes legally binding), the Company assesses whether the contract is or contains a lease. A lease is present where the contract conveys, over a period of time, the right to control the use of an identified asset in exchange for a consideration.

The lease liability is measured initially at the present value of unavoidable lease payments over the term of the lease which in all cases is to the end of the lease. These payments are discounted at the Company's incremental borrowing rate. For sites at which rent is payable as a percentage of revenue, the lease liability is measured at the present value of the unavoidable minimum guarantee payments over the term of the lease. While any amounts above this minimum amount will be expensed to the income statement.

Where a lease is identified, the Company recognises a right-of-use asset and a corresponding lease liability. The lease assets are presented as a separate line in the balance sheet.

Leases with terms of under one year are not capitalised.

Lessor accounting
Leases, where the lessor retains substantially all of the asset's risks and benefits of ownership, are classified as operating leases. If the operating lease is subject to fixed uplifts over the term of the lease, rental payments are charged to the income statement on a straight-line basis, over the period of the lease, in line with adopted accounting standards. If the operating lease is subject to open-market rents, rental payments are charged at the prevailing rates.

Leases where the lessor transfers substantially all of the asset's risks and benefits of ownership are classified as lease assets. This occurs when the Company sublets a leasehold site. The lease asset is measured initially at the present value of lease receipts, discounted at the Company's incremental borrowing rate. The lease assets are presented as a separate line in the balance sheet.

Remeasurement
When the Company agrees to a term extension or a change to the minimum payments made under a lease, the lease liability or asset will be remeasured on that date; the resulting increase or decrease to the asset or liability will be accounted for with an offsetting adjustment to the right-of-use asset. Reasurement is completed at the new incremental borrowing rate. Any remeasurement adjustment which reduces the right-of-use asset below zero will be credited to the income statement.

IFRS 16 Rent concession
The Company has adopted the amendment to IFRS 16 which provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

Applying the practical expedient, the Company has recognised the rent forgiveness as a variable lease payment in accordance with IFRS 16. There is a corresponding adjustment to the lease liability, derecognising the part of the lease liability which has been forgiven, with the corresponding adjustment to operating expenses.

Where amounts have been deferred they do not extinguish the lessee's liability or substantially change the consideration of the lease. These have been accounted for as an increase in the accrual for rent outstanding.

The Company stopped the application of COVID-19 related rent concession in June 2022.

Right-of-use asset
The right-of-use asset comprises the initial measurement of the corresponding lease liability, any initial direct costs and the cost of any obligation to restore the site at the end of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the term of the lease.

Termination and break of leases
Where the Company notifies the landlord to purchase the freehold of a leasehold site, the lease is derecognised with any difference in the value of the lease liability and the right-of-use asset charged to the income statement as a property gain or loss.

Where the Company notifies the landlord of the intention to terminate (break) a lease early, the lease is remeasured.

Borrowing costs
Borrowing costs are recognised as an expense in the period in which they are incurred, unless the requirements by the adopted accounting standards for the capitalisation of borrowing costs relating to assets are met. For the purpose of cash flow reporting, interest paid and received is considered to be operating cash flows.

Income taxes
Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities, based on tax rates and laws which are enacted or substantively enacted by the balance sheet date.

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

- Where the temporary difference arises from an asset or liability in a transaction which, at the time of the transaction, affects neither accounting nor taxable profit or loss.

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried-forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates which are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to the income statement, comprehensive income or equity. The income tax charged or credited will follow the accounting treatment of the underlying item which has given rise to the income tax charged or credited.

Financial instruments
Financial assets and liabilities are recognised on the date on which the Company becomes party to the contractual provisions of the instrument giving rise to the asset or liability.

Financial assets held at amortised cost
Financial assets held at amortised cost are non-derivative financial assets which are held within a business model where the objective is to collect the contractual cash flow at the same time as the contractual terms give rise to cash flows which are solely payments of principal and interest. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Other receivables
Other receivables are recognised initially at transaction value and carried at amortised cost less any expected credit losses. The Company has a small number of receivables at any one time; these are generally with companies with which the Company has an established trading relationship.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above. Bank overdrafts are shown within current financial liabilities on the balance sheet. Cash and cash equivalents include recognition of amounts for cash in transit, including electronic card payments not yet receipted as these are highly liquid and low credit risk.

Credit risk
Credit risk losses arise when debtors fail to pay their obligation to the Company. The Company assesses credit risk, based on historic experience. The Company has no significant history of non-payment; as a result, the expected credit losses on financial assets are not material.

Financial liabilities
The Company classifies its financial liabilities as other financial liabilities. These are measured at fair value on initial recognition and subsequently measured at amortised cost, using the effective-interest method.

Trade and other payables
These are recognised initially at fair value and subsequently at amortised cost, using the effective-interest method.

Bank loans and borrowings
Interest-bearing bank loans and other borrowings are recorded initially at fair value of consideration received, net of direct issue costs. Borrowings are subsequently recorded at amortised cost, with any difference between the amount recorded initially and the redemption value recognised in the income statement over the period of the bank loans, using the effective-interest method.

Bank loans and loan notes are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments and hedging activities
Derivative financial instruments used by the Company are stated at fair value on initial recognition and at subsequent balance sheet dates.

Hedge accounting is used to mitigate the Company's exposure to variable interest rate risks on borrowings. Derivatives qualify for hedge accounting only where, at inception, there is formal designation and documentation of the hedging relationship, there is an economic relationship between the item being hedged and the hedging derivative and credit risk does not dominate the economic relationship.

The Company classifies its interest-rate swap derivatives as cash flow hedges, on the basis they hedge the exposure to variable cash flows. A hedging ratio of 1:1 is adopted between the interest-rate swaps and the Company's floating-rate borrowings, meaning that floating interest rates paid should be identical to those amounts received for a given amount of borrowings.

The Company tests hedge effectiveness prospectively using the hypothetical derivative method and compares the changes in the fair value of the hedging instrument with those in the fair value of the hedged item attributable to the hedged risk.

Hedges could be deemed ineffective if the:
- Period over which the borrowings were drawn were changed. This could result in the borrowings being made at a different floating rate than the interest-rate swap.
- Gross amount of borrowings were less than the value swapped.
- Impact of LIBOR reform were to cause a mismatch between the interest rate of the swaps and that of the company's debt.

The effective element of any gain or loss from remeasuring the derivative designated as the hedging instrument is recognised in other comprehensive income with the ineffective element recognised immediately in the income statement.

Hedge accounting is discontinued when the hedge expires, is sold, terminated or no longer meets the Company's risk management objective.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When the Company repurchases its own shares, the cost of the shares purchased and associated transaction costs are taken directly to equity and deducted from retained earnings. The nominal value of shares purchased is transferred from share capital to the capital redemption reserve.

Foreign currencies
Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing at the transaction date. Monetary assets and liabilities are translated at year-end exchange rates, with the resulting exchange differences taken to the income statement.

The Irish branch's results are translated at the average exchange rate for the reporting period; the balance sheet is translated at the year-end exchange rate. Resulting exchange differences are recognised in comprehensive income.

Revaluation gains and losses on the long-term financing of the Irish branch are recognised in comprehensive income.

Retirement benefits
Contributions to personal pension schemes are recognised in the income statement in the period in which they fall due. All contributions are in respect of a defined contribution scheme. Once the contributions have been paid, the Company has no future payment obligations.

Dividends
Dividends recommended by the board, but unpaid at each period end, are not recognised in the financial statements until they are paid (in the case of the interim dividend) or approved by shareholders at the annual general meeting (in the case of the final dividend).

Changes in net debt
These are both the cash and non-cash movements of the year, including movements in asset-financing, borrowings, cash and cash equivalents.

Share-based charges
The Company has an employee share incentive plan which awards shares to qualifying employees; there is also a deferred bonus scheme which awards shares to directors and senior managers, subject to specific performance criteria.

The cost of the awards in respect of these plans is measured by reference to the fair value at the date at which they are granted and is amortised as an expense over the vesting period. In assessing the initial fair value, no account is taken of any vesting conditions, other than market conditions linked to the price of the shares of the Company.

The Company currently has no other share-based transactions.

Shares purchased for share-based payment awards are held in equity at historic cost, until the awards vest, when they are transferred to employees.

New accounting standards adopted in the year
- Amendments to IFRS9, IAS39 and IFRS7 Interest Rate Benchmark Reform (Phase 2)
- COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

New accounting standards in issue but not yet effective
New accounting standards and interpretations which are in issue but not yet effective are listed below. The Company has chosen not to adopt these early:
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)
- Classification of Liabilities as Current or Non-current (IAS 1)
- Definition of Accounting Estimates (Amendments to IAS8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12)
- Plant and Equipment – Proceeds before Intended Use (Amendments to IAS16)
- Onerous Contracts – Cost of Fufilling a contract (Amendments to IAS37)

Alternative performance measures (APMs)
The Company uses several alternative performance measures (APM's) throughout the annual report and accounts which are not defined by International Financial Reporting Standards (IFRS). APMs are used in conjunction with IFRS measures in reporting financial information and assessing performance, but are not given greater prominence. The APMs used have been defined below, alongside reconciliations to IFRS measures:

- Free cash flow - the calculation of free cash flow is based on the net cash generated by business activities and available for investment in new pub developments and extensions to current pubs, after funding interest, corporation tax, lease principal payments, loan issue costs, all reinvestment in information technology, head office and pubs trading at the start of the period (excluding extensions) and the purchase of own shares under the employee share incentive plan. See reconciliation on page 12.

- Like for like – compares year on year performance of pubs and hotels which were trading in the equivalent weeks in both FY22 and FY21.

- Before exceptional items – this measure excludes exceptional items, which are presented separately to allow shareholders to better understand financial performance in the year, when compared with that of previous years and trends. See exceptional items reconciliation on page 17.

Restatement
The income tax credit within the Income Statement for the 52 weeks ended 25 July 2021 has been restated from £13,581k to £17,630k. This is due to the prior year deferred tax on hedges being incorrectly allocated between the other comprehensive income and the Income Statement.

The disclosures impacted have been identified throughout the financial statements. The effect on specific financial statement line items within the Income Statement, Statement of Comprehensive Income and Balance Sheet are as follows:

Income Statement[1]	Reported in 52 weeks ended 25 July 2021 £000	Restatement £000	Restated 52 weeks ended 25 July 2021 £000
Income tax credit	13,581	4,049	17,630
Loss for the period	(181,055)	4,049	(177,006)
Loss per ordinary share – basic (p)	(147.4)	3.3	(144.1)
Loss per ordinary share – diluted (p)	(147.4)	3.3	(144.1)
Statement of Comprehensive Income			
Tax on items taken to OCI	(5,084)	(4,049)	(9,133)
Net gain recognised directly in OCI	47,664	(4,049)	43,615
Balance Sheet			
Hedging reserve	(15,403)	(4,049)	(19,452)
Retained earnings	(91,256)	4,049	(87,207)

[1] After exceptional items

Strategy
The Company's strategy is to seek a return on capital in excess of the cost of the capital which will provide funds for developments, dividends and reinvestment.

Business model
The Company operates pubs in the UK and the Republic of Ireland and aims to sell high-quality products, at reasonable prices, in well-maintained premises.

Business review and future trends
A review of the Company's business and the key measures of its performance, sometimes called key performance indicators (KPIs), can be found in the chairman's statement under the financial performance section. The chairman's statement also discusses those trends and factors likely to affect the future development, performance and position of the Company.

Social matters
Wetherspoon provides jobs for over 40,000 people, paying a reasonable percentage of its profits as bonus for those working in our pubs and head office, training large numbers of staff and paying a significant percentage of our sales as taxes to the government.

Further information about these policies are published on: jdwetherspoon.com

Environment
The Company is committed to operating ethically and sustainably and to finding ways, over time, to reduce our carbon emissions. The Company is committed to achieve net zero emissions in the UK and Ireland by 2050 and will, if possible, reach this goal sooner.

We are currently developing a net-zero road map. In October 2021 the Company committed to the Science Based Targets initiative for all pub operations and the global supply chain. Agreeing on science based targets will ensure that the Company follows a credible and scientifically verified carbon-reduction pathway. As part of the plan we will work with our suppliers, building designers, equipment providers, employees and other business partners to minimise any effects. The Company is working with an organisation called Carbon Intelligence and expects to make the submission to the Science Based Targets Initiative in January 2023. In addition, the Company is a Zero Carbon Forum member, a non-profit-making organisation which is supporting the hospitality industry to comply with government reporting requirements and implement a roadmap to net-zero carbon emissions.

The Company has been recognised for reducing its greenhouse gas emissions. It has been listed in the 2022 FT-Statista Europe's Climate Leaders list, highlighting companies which, over a five-year period, have achieved the greatest reduction in emissions.

Overall the company has achieved a reduction of 23.6% in Scope 1 and Scope 2 emissions since 2019.

The Company is focused on reducing annual electricity, gas and water consumption through a combination of operational initiatives and the introduction of energy-efficient technology. This approach will also reduce carbon emissions.

The Company has an energy and environment group, which meets regularly, chaired by the finance director, Ben Whitley.

Each pub has an energy, environment and recycling champion, responsible for reducing consumption at his or her pub and communicating ideas and initiatives to staff. These energy champions help to encourage changes in behaviour, like using 'fire up' and 'power down' guides to ensure that pubs minimise energy consumption when they are closed. Each pub receives a monthly report, detailing the amount of electricity and gas consumed, highlighting periods of excessive consumption and communicating ideas about how to reduce consumption.

Several pieces of energy-saving technology are now installed as standard in any new pubs and will be retrospectively fitted into existing pubs across the estate. These include:

- free-air cellar-cooling systems (these cool the cellar by bringing in outside air, when the external temperatures are low enough)
- movement-sensor lighting
- LED lighting
- heat-recovery systems
- Cheetah extraction management systems controlling ventilation in kitchens

The Company trials new ideas and energy-saving technology consistently to reduce consumption and CO2 emissions, these have included:

- solar panels
- rainwater-harvesting systems
- ground-source-heat pumps
- adiabatic cooling systems
- wind turbines
- building energy management systems (BMS)
- voltage-optimising equipment

With effect from October 2022, all electricity supplied to the Company's pubs in the UK, head office, and the UK distribution centre will have been generated from 100% renewable sources.

Water usage is monitored in pubs and head office. Where possible, we are installing low-flow or push button taps, along with toilets which require less water to flush. In addition, the Company is trialling data management systems which help to pinpoint water consumption changes which may indicate a change in behaviour or a supply leak.

Scope 3 emissions are the largest contributor to the Company's overall carbon emissions, representing an estimated 89% of our total output, however measuring carbon emissions in our supply chain is complex.

As our starting point we are allocating carbon emissions to every product which we sell, including food, drinks and hotel rooms. Where detailed data is not currently available, we are making assumptions based on industry averages. Over time, this data quality will improve. Reducing our scope 3 emissions will rely ultimately on a partnership approach with our UK and worldwide suppliers and on their own plans to reduce carbon emissions.

Pollution and waste
As a business, we aim to minimise waste and maximise recycling. Our target is to recycle 95% of recyclable waste.

The pubs and head office segregate waste into a minimum of seven streams: glass, tin/cans, cooking oil, paper/cardboard, plastic, lightbulbs and general waste. In addition, food waste is also separated and sent for anaerobic digestion. Any remaining non-recyclable waste is sent to waste-to-energy power plants which reduce CO2 and the use of fossil fuels. No waste is sent to landfill.

The Company has a national distribution centre for food, some bottled drinks and non-consumable products. This also includes a recycling centre. When making deliveries to pubs, lorries collect mixed recycling, used cooking oil, textiles and aluminium for return to the recycling centre for processing.

During the financial year 2021/22, the pubs sent 10,681 tonnes of waste to the recycling centre, an increase of 4,723 tonnes, or 79%, on the previous year.

Any unwanted, yet fit-for-consumption, food is donated to our charity partner FareShare, which distributes it to food banks, community centres and others in need.

Cooking oil is converted to biodiesel for agricultural use.

The volume of paper used to print menus and other marketing materials has reduced by about 35% in the last three years, partly through improved management at pub level and also changing customer habits.

The Company has set the following targets by 2025:
- 100% of plastic packaging to be reusable, recyclable or compostable
- 70% of plastic packaging to be effectively recycled or composted
- 30% average recycled content across plastic packaging
- Action, through redesign, innovation or alternative (reuse) delivery models, to elimate problematic or unnecessary single-use plastic items

To date, the following steps have been taken to reduce the use of single-use plastics:

- Plastic straws were removed in December 2017 and replaced with 100% biodegradable and 100% recyclable paper straws and wrappers.
- Complimentary water fountains available in all pubs, offering an alternative to plastic water bottles.
- Plastic containers used in the kitchen are now reusable.
- The Company no longer uses cling film.
- Plastic milk cartons are segregated and recycled separately. Coloured lids have been replaced with clear recyclable lids.
- Working with suppliers and with the support of WRAP and the Sustainable Restaurant Association to reduce and, where possible, remove the use of plastic packaging for food.

The Company does not create any toxic emissions or waste. Electronic waste is disposed of using specialised contractors to safely dispose of the items.

Where possible, computer equipment is sent suppliers to refurbish and reuse. Any disposal is compliant with the EU Waste from Electrical and Electronic Equipment (WEEE) directive.

On construction sites, there is a site waste management plan, managed by the main contractor and covering all waste disposal from sites.

Human rights
The Company is committed to respecting human rights across our business by complying with all relevant laws and regulations. The Company prohibits any form of discrimination, forced, trafficked or child labour and is committed to safe and healthy working conditions for all individuals, whether employed by the Company directly or by a supplier in our supply chain.

Legal and ethical conduct
The Company has comprehensive measures to meet its statutory requirements across all areas of its operation and also those expected by our customers and employees, as necessary, for the long-term success of the business. Risks in this area can occur from corruption, bribery and human rights abuses, including discrimination, harassment and bullying.

The Company has training programmes for all employees. It also has a documented whistleblowing programme, documented processes and procedures and a supply chain audit programme.

Employees
All employees are encouraged to participate in the business, some examples of how this is achieved being:
- Several Company initiatives to encourage employees to suggest small and continuous improvements to the running of their pubs
- 'Tell Tim' suggestion scheme for all employees
- Pub managers, area managers and other pub employees attending and contributing to weekly operations meetings, hosted by the chairman or chief executive
- Area managers invited to meet the board of directors (before each board meeting)
- Regular liaison meetings held with employees, at all levels, to gain feedback on aspects of the business and ideas for improvement
- Directors and senior management completing regular visits to pubs – and pub employees regularly visiting head office
- The appointment this year of two employee directors to the full board of the Company and two associate employee directors
- Weekly e-mail from the chief executive to all employees
- Employee-related measures being part of the pub bonus scheme
- Head-office staff completing regular pub and kitchen shifts (both front of house and in the kitchen) to help in understanding any staff/customer issues
- Pub employees involved in the decision-making process for key business issues

Employee diversity
The table below shows the breakdown of directors, senior managers and employees at the end of the period.

	Male	Female
Directors	7	2
Senior managers	558	382
All employees	19,998	22,750

Section 172 statement
Section 172 of the Companies Act 2006 requires that directors of a Company act in good faith to promote the success of the Company for all stakeholders.

In the period, all directors of the Company have acted in a manner most likely to achieve the long-term success of the business for its shareholders, employees, customers, suppliers and the wider community in which the Company operates.

In the period, the directors have taken decisions in a number of areas, including: the safe operation of its pubs and compliance with COVID-19 legislation and guidance and loan waivers and liquidity.

Examples of the Company's engagement with stakeholders are:
- Wherever practical, directors consult widely among the Company's employees, about decisions made about the Company. The directors believe that wide consultation and a management team with extensive industry experience are likely to result in the best long-term decisions. The Company's senior management team regularly engages with pub-based employees through meetings, pub visits and surveys.
- Most of the Company's employees are customers and many are shareholders. The Company encourages its employees to feed back their views, as well as those of their friends and familiy. The Company operates a suggestion scheme whereby any employee can send in ideas and/or make a recommendation for the improvement of the Company.
- Details of the Company's employment policy are disclosed on pages 83-84. Information on employee engagement can be found above.
- Where possible, the Company forms long-term relationships with suppliers, so that all parties have a more certain environment in which to operate. The Company's responsible retailing policy is published on the website.
- The Company communicates with its customers through its website and Wetherspoon News. A special magazine edition of which focuses on press misrepresentations.
- Information on human rights, environmental and social matters, food safety, cyber security and reputational matters is provided in this strategic report, while further information is published on our website.
- Information on shareholder engagement is provided in the corporate governance report. Questions and answers from the interim results investor roadshow (March 2022) were published on the Company's website and the London Stock Exchange Regulatory News Service (RNS).

Principal risks and uncertainties facing the Company

In the course of normal business, the company continually assesses significant risks, categorised based on impact and likelihood. The following risks, while not intended to be a comprehensive analysis, constitute (in the opinion of the board) the principal risks and uncertainties currently facing the company.

Business strategy

Risk description

The Company is aware that, in operating in a consumer-facing business, its business reputation, built over many years, can be damaged in a significantly shorter time frame. The Company faces further risks through the competitive nature of the industry and the 'staying in fashion'.

Changes during the year

- Industry is increasingly competitive.
- Changing consumer habits (post COVID-19, health reasons & cost of living crisis).

Residual risk and impact on the business

Failure to execute the right strategy could damage reputation and affect profits.

Risk mitigation

- Challenging incorrect publications about the Company.
- Staying relevant through innovation of offerings in pubs.
- Key competitor monitoring their offerings and prices.
- Regular senior management reviews of strategic positioning and performance.

Supply chain disruption

Risk description

There is a risk that we will be unable to supply our pubs with the right products, when they need them, at a competitive price. All of which are fundamental to the success of the company.

Changes during the year

- Inflationary pressures across the sector increasing costs of products.
- Availability of products owing to disruptions in global markets (eg war, COVID-19, climate change).

Residual risk and impact on the business

Loss of profits owing to high product prices would reduce profits. Equally, reputation could be damaged through availability of items on the menu or passing on cost increases to customers through price rises.

Risk mitigation

- The Company works closely with its suppliers and central distribution partners, in order to maintain availability of products.
- The Company conducts audits of its supply chain.
- Long-term relationships with suppliers allow savings to be made through the purchase of large volumes.

Health and safety

Risk description

There is a risk relating to the health and safety of our customers, employees and contractors if correct processes are not followed in relation to food contamination, equipment failure, harmful surroundings and hazardous substances (eg asbestos).

Changes during the year

- Continued focus on food hygiene ratings and overall improvement across the estate.

Residual risk and impact on the business

Ineffective health and safety practices could result in prosecution, closure of pubs and reputational damage.

Risk mitigation

- Food hygiene audits are performed.
- All employees are provided with health and safety training.
- Pubs are provided with the necessary resources and support to ensure that safe working practices are maintained.
- Buildings are reviewed for asbestos at the investment stage.

Legal and regulatory

Risk description

The industry is highly regulated, with frequent increases in alcohol duty and other taxes. There is a risk that the Company does not comply with regulations or there are breaches of internal policies.

Changes during the year

- Introduction of TCFD reporting requirements.
- COVID-19 regulations.

Residual risk and impact on the business

Non-compliance could result in financial penalties, criminal prosecution and reputational damage.

Risk Mitigation

- In-house legal team who have regular meetings with the executive team.
- Continued update of knowledge on changing regulations through training, completion of qualifications and communication with third party specialists.

Technology, cyber security, data security

Risk description
There is a risk of losing key information or disrupting the operation of the business through system failures, cyber-attacks and internal or external data breaches.

Changes during the year
- There have been no material changes during the year.

Residual risk and impact on the business
Any prolonged or significant failure of these systems could pose a risk to trading, including loss of profits and reputational damage.

Risk Mitigation
- The Company seeks to minimise this risk by ensuring that there are technologies, policies and procedures to ensure protection of hardware, software and information (by various means), including a disaster-recovery plan, systems of backups and external hardware and software.
- The Company continually assesses the risks posed by cyber threats and makes changes to its technologies, policies and procedures to mitigate identified risks.

People

Risk description
Attracting the right people to ensure the Company succeeds, ensuring that our pubs are sufficiently staffed and retaining key personnel who hold company knowledge.

Changes during the year
- The market has become increasingly competitive owing to inflationary pressures on wages.
- Absences due to the impact of COVID-19.

Residual risk and impact on the business
Failure to retain or attract the right people could result in the Company being unable to implement its strategies, resulting in market and reputational risks.

Risk mitigation
- The Company offers bonuses, free shares, long-service awards, paid training, staff discounts and a genuine opportunity to progress within the business.
- The Company involves the broader senior management team in decision-making to provide it with sufficient exposure, so that, if the need to replace an executive management team member were to arise there are well-qualified internal candidates.

Business continuity, crisis management and disaster recovery.

Risk description
There is a risk that unexpected events such as fires, floods and pandemics will affect the Company's ability to operate.

Changes during the year
- Continued impact of COVID-19, primarily the Omicron variant in December 2021.
- COVID-19 government support no longer available.

Residual risk and impact on the business
The nature of these risks is outside of the Compay's control, therefore without sufficient disaster-recovery plans, the impact could be catastrophic. Examples of such impacts could be loss of buildings, people and customers.

Risk mitigation
- Mitigating actions taken by the Company will depend on the nature of the event, how much foresight the Company had of the event and the reaction of the government, business and the public.
- Comprehensive disaster-recovery plan, seeking to minimise the impact of any such incidents.

Liquidity and financing

Risk description
The Company has a risk of being unable to maintain cash flows to meet the needs of the business and/or meet its covenants.

Changes during the year
- Waivers on external borrowings have been negotiated with lenders whilst the business recovers post COVID-19.
- No dividends have been paid or announced in the financial year.

Residual risk and impact on the business
With insufficient funding, the business may not be able to grow in line with plans. Breaches of covenants could result in financial penalties. Cash-flow may disrupt payment of employees and suppliers, damaging relationships and the Company's reputation.

Risk mitigation
- Sales, profitability, debt requirements and cash flow are reviewed weekly by a team which includes the chairman, chief executive, finance director and senior finance managers
- The Company has dealt with the risks of an increase in interest rates by swapping the majority of its floating-rate borrowings into fixed rates which expire in 2029.

Risk change year on year:

Increased — Unchanged — Decreased

By order of the board

Nigel Connor
Company Secretary
6 October 2022

Task Force on Climate-related Financial Disclosures (TCFD)

J D Wetherspoon recognises the risk of climate change and is committed to incorporating the recommendations outlined by the Task Force on Climate-related Financial Disclosure (TCFD).

This report outlines the assessment performed by management in establishing the key climate-risks and opportunities to the business which have been identified to date, split by the four TCFD pillars; governance, risk management, strategy and metrics & targets. Management deems these disclosures to be compliant with TCFD's recommendations.

Governance

Climate change is an established risk on the Company's risk register. It is reviewed with prominence equal to that of the Company's other risks. The board of directors has overall responsibility for the risk register, which is a permanent item on the board's monthly agenda.

The Company's energy and environment group meets on a fortnightly basis. The Group is chaired by Ben Whitley (Finance Director). The group tracks the progress of goals and targets, and will monitor the Company's science-based target plan once submitted to the Science Based Target initiative (SBTi) by the end of the calendar year. Key initiatives discussed by this focus group are communicated to the business via environment champions, who are responsible for communicating energy, environment, waste & recycling best practice back to their pubs. All employees receive training on environmental matters.

Risk management

As mentioned on page 82, the internal audit department is responsible for the day-to-day management of the risk register, including identifying and assessing of new and current risks. Risks are categorised according to the probability of occurrence and severity of impact. The internal audit team works alongside risk owners to determine and document mitigations to each of the Company's risks.

The Company is a member of the Zero Carbon forum – a group which supports the hospitality sector to meet its carbon reduction targets. The Company is also working with Carbon Intelligence to develop and implement a robust and credible carbon reduction strategy through the implementation of science based targets.

Strategy

The Company recognises that it faces both environmental risks and opportunities relating to climate change. To date, discussions and analysis has focused on, but is not limited to, the following impacts on the business; carbon taxes, availability of electricity, changes to transport networks, changes in customers' behaviour, coastal erosion, flooding, supply chain disruption, availability and pricing of products. Management has disclosed three of these risks and one opportunity. Management assess the impact of climate charge over the short, medium and long term and estimate the financial impact.

As climate change evolves, management will continue to assess new risks and opportunities, measure against those already identified, explore potential mitigations, and in the future, consider incorporating into the strategic and financial planning of the business. The Company deems the current energy saving and consumption reduction ideas in place to be a resilient and positive start, but will continue to assess the impact and changes required. (See pages 49-50 for details).

Risk/opportunity	Impact	Risk type[1]	Time horizon	Financial impact
Lack of availability of products from the supply chain.	A lack of availability of products would increase costs and lower profitability. Any increased costs passed onto the customer or a reduced availability of products available to purchase could affect sales.	Physical/ transitional	Medium	High risk
Increased likelihood of flooding from more rain and rising sea levels.	Pub closures would affect the profitability of the Company, through lower sales, potential insurance premiums and the relocation of staff.	Physical	Medium	Medium risk
Negative stakeholder perception if J D Wetherspoon is seen to not be doing enough to tackle climate change.	Reputational damage could result in fewer customers visiting the pubs and therefore lower sales. The Company may struggle to attract investors, affecting its ability to access finance.	Transitional	Short	High risk
UK heat waves may result in produce typically grown in warmer climates being grown closer to home.	If temperatures were to rise by 2° C or more, produce such as tomatoes, oranges, grapes for wine and more could be grown in the UK. This could lower the Company's carbon footprint while reducing produce costs due to less transportation and import fees.	Physical	Long	Opportunity

Key

Risk Type

Physical	Risks due to longer-term shifts in climate patterns such as weather disruption.
Transitional	Risks in transitioning to a lower-carbon economy, for example new policies or regulations.

[1]Risk categories defined by the TCFD

Time horizon

Long	25 years +
Medium	10-25 years
Short	0-10 years

Financial Impact[2]

High risk	>£25m
Medium risk	£5-25m
Low risk	<£5m

[2]Annual impact

Metrics and targets

The energy and environment group is working towards submitting a credible science based target plan to the SBTi (Science Based Target initiative) by the end of the calendar year, in the future will split by FLAG emissions. The Company is working towards the Government Net Zero Strategy by 2050 and will provide updates on progress within future reports.

The Company has reported its GHG emissions since 2014. Emission and consumption data can be found on page 68. In the future, once established, this will include scope 3. A list of the environmental initiatives already under way can be found on pages 49-50.

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of J D Wetherspoon plc (the 'company') for the 53 weeks ended 31 July 2022, which comprise the Income statement, the Statement of comprehensive income, the Cash flow statement, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2022 and of its profit for the 53 weeks then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

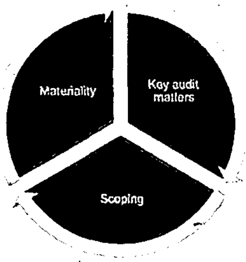
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In relation to the company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit



Overview of our audit approach

Overall materiality: £5,000,000, which represents 0.29% of the company's revenue.

Key audit matters were identified as:

- The impairment of property, plant and equipment and right of use assets (same as previous period); and
- Going concern (in the prior year this was included as a matter described in the 'Material uncertainty related to going concern' section).

Our auditor's report for the 52 weeks ended 25 July 2021 included the following matters which have not been reported as a key audit matter in our current period's audit report:

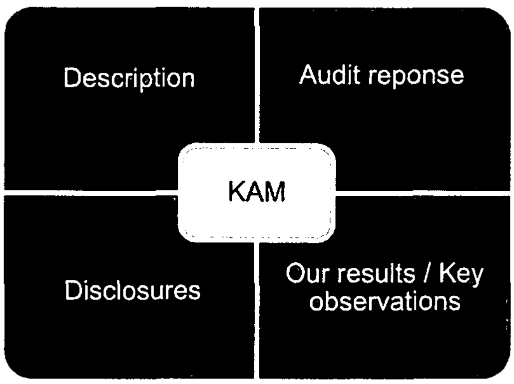
- Management override of controls – the presentation of exceptional items; and
- The application of International Financial Reporting Standard (IFRS) 16 "Leases".

Management override of control - the presentation of exceptional items remains a significant risk. However, due to a decrease in the level of judgement in relation to those items included as exceptional items, this is no longer identified as a key audit matter.

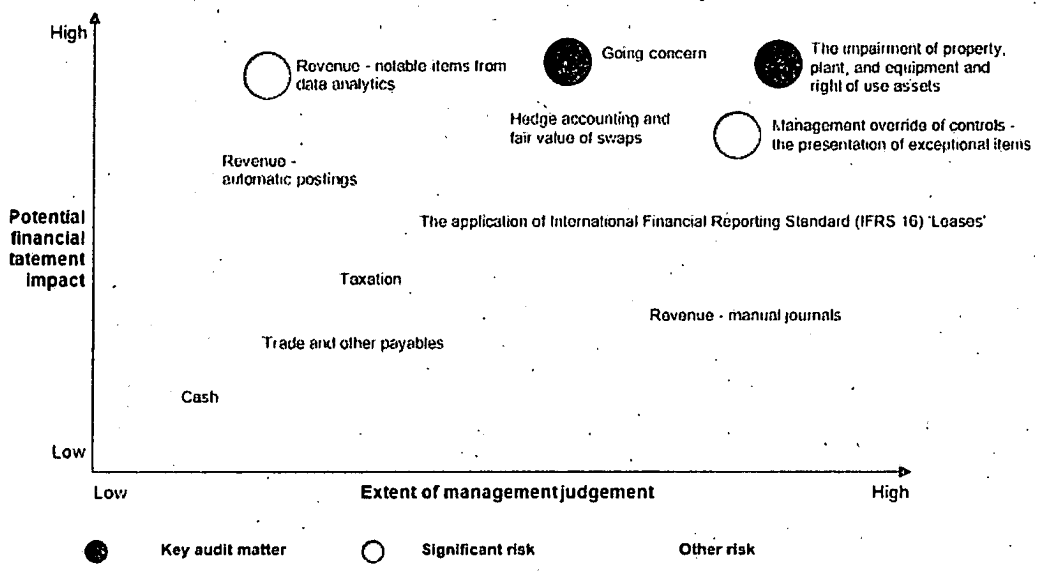
The application of International Financial Reporting Standard (IFRS) 16 "Leases" was included as a key audit matter in the previous period due to the identification of a prior period adjustment in respect of 2020 and the impact of rental concessions granted in relation to the Covid-19 pandemic. We do not consider these items to be a significant risk in the current year.

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 that 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter	How our scope addressed the matter
The impairment of property, plant and equipment ("PPE") and right of use assets ("ROU assets") We identified impairment of PPE and ROU assets as one of the most significant assessed risks of material misstatement due to error. PPE represents the largest balance on the balance sheet (31 July 2022: £1.4bn / 25 July 2021: £1.4bn). Further to this, there are ROU assets recognised which must be considered for impairment (31 July 2022: £0.4bn / 25 July 2021: £0.5bn). The directors consider each individual pub to be a separate cash generating unit. The directors are required to undertake an impairment assessment where events indicate that the carrying value of the cash generating unit may not be recoverable. The process for measuring and recognising impairment under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex and requires significant judgement, including assumptions within management's assessment of the impact of the geopolitical and cost of living factors on future trading activity for each pub, the determination of the appropriate discount rate to be applied to those cashflows, as well as the valuation of properties. Management identify pubs which have an indicator of impairment (management's "Watchlist" of pubs) and management then risk rate the Watchlist of pubs into "moderate" and "high risk" based on recent trading performance. Our significant risk has been pinpointed to those pubs classified as high risk on management's "Watchlist" of pubs. **Relevant disclosures in the Annual Report and Financial Statements 2022** Financial Statements: Note 13, PPE Accounting Policies: Important estimates, Impairment of PPE Corporate Governance: Significant financial reporting items.	In responding to the key audit matter, we performed the following audit procedures: Considering the accounting policy for compliance with IAS 36 and that the application by the company is consistent with the stated policy; Assessing the design effectiveness of controls, including the methodology applied by management to identify indicators of impairment and when performing their impairment test for each of the relevant pubs; Understanding and challenging management on the approach to creating the watchlist and challenging management on its completeness, including any pubs which are performing below the remainder of the estate since returning to a more "normal" trading period; Recalculating the arithmetical accuracy and integrity of management's impairment model, by checking the internal consistency of formulae and performing sample checks on the inputs and assumptions made in managements model to identify indicators of impairment; Validating that the methodology of the impairment exercise is consistent with the requirements of IAS36 Impairment of Assets, including appropriate identification of CGUs and the allocation of costs in the value in use calculations; Agreeing a sample of impairment model inputs to supporting documentation, including lease agreements, historic pub profit figures and the fixed asset register; Engaging our internal valuation experts to independently calculate the discount rate and compare it to the discount rate applied in the models by management; Identifying pubs with declining profits from our revenue testing which could have indicators of impairment; Comparing management's assumptions within the impairment model against external economic forecasts reflecting the uncertainties inherent within the current economic environment; Obtaining management's risk categorisation between 'high-risk' and 'moderate-risk' pubs and ensuring the correct classification of pubs in the impairment review and consistency between periods; Obtaining corroborative evidence to support management's judgements used for those pubs with indicators of impairment, with special audit consideration on pubs classified as "high risk" including evidence for changes made to the pubs, discussions with pub managers / area managers, review of pub space and plans and evidence for changes made to operations; Performing sensitivity analysis based on reasonably possible changes to key assumptions determined by management being the discount and cost inflation rates; and Assessing the disclosures in the notes to 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. **Key observations** We identified that additional immaterial impairments were required in relation to the impairment of PPE and ROU assets.

Key Audit Matter	How the scope addressed the matter
Going concern We identified going concern as a significant risk due to the ongoing impact of Covid-19, geopolitical and inflationary cost pressures on current and forecast trading performance, liquidity levels and covenant compliance and the challenges these factors present to management when preparing their going concern assessment. In addition to this, as auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570). Management has modelled a base case forecast in which, over the period to 28 January 2024 as it continues to emerge from the pandemic, sales, profit and cash flow growth continues. Management have anticipated within this forecast continued high levels of inflation, particularly on food products, wages and repairs. A more cautious "downside" scenario has been analysed, where sales decline by 5% in the 52 weeks ending 30 July 2023, compared to last comparable full trading period pre the pandemic and then converges with the base case for the remainder of the going concern period to 28 January 2024. The company has reviewed, and is satisfied with, the mitigating actions it could take if such a decline were to occur. Such actions could include reducing discretionary expenditure and/or implementing price increases. The company has two EBITDA-related covenants attached to two of their debt facilities, the RCF and USPP loan. These covenants have been waived until the end of January 2023 (Q2 FY23), with the first forecast assessment period set to be the end of April 2023 (Q3 FY23) albeit at a reduced level to normal covenant levels. Covenants will return to normal levels from the end of the October 2023 (Q1 FY24). **Relevant disclosures in the Annual Report and Financial Statements 2022** The company's accounting policy on going concern is shown in 'accounting policies' to the financial statements on page 43.	In responding to the key audit matter, we performed the following audit procedures: obtained and challenged management's base case forecast for the period to 28 January 2024, together with supporting evidence for all key trading, working capital and cash flow assumptions; obtained and challenged management's downside scenario, which reflects a reasonably possible sales decline and management's response via controllable mitigating actions; tested the clerical accuracy of management's assessment, including forecast liquidity and covenant compliance under management's base and downside scenarios; assessed the robustness of forecasts prepared by comparison to forecasts made in prior periods, including assessing management's historic ability to forecast, and in light of our understanding of the company's operations; following our review of management's board memorandum, we identified the areas of business operations which could be most affected by rising costs and sought evidence to corroborate management's attempts to quantify the potential impact. We also sought evidence to support that the mitigating actions highlighted by management would be achievable and effective; applied professional scepticism in performing our own independent reverse stress test of management's cash flow forecast models and their impact on forecast liquidity and banking covenants to identify under what circumstances the company's covenants and liquidity would be compromised, and whether the scenario has no more than a remote possibility of occurring; obtained correspondence in relation to covenant waivers and amendments and confirmed that the terms and conditions therein were consistent with those applied by management in their base case and downside scenario forecasts, including the period over which the banks have confirmed that these waivers and amendments are in place; and assessed the disclosures made within the financial statements for consistency with management's assessment of going concern and whether they are in line with the accounting standards. **Key observations** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

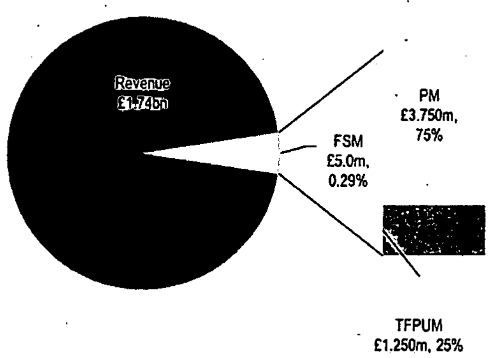
Materiality was determined as follows:

Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£5,000,000, which is 0.29% of revenue.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: We evaluated a range of benchmarks, including revenue, profit before tax and total assets. We consider revenue to be the most appropriate benchmark given the recent volatility of earnings and we selected a percentage at the lower end of our acceptable range. This represents a change from the prior year when materiality was based on a 3 year average of profit / (loss) before tax. Materiality for the current period is lower than we determined for the period ended 25 July 2021. We lowered materiality as we did not consider an increase from the prior year and / or pre-Covid levels to be appropriate given profitability has not yet returned to pre Covid-19 levels. The materiality was consistent with 2019 materiality, the last normal period of trading prior to Covid-19.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£3,750,000, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: Whether there were any significant adjustments made to the financial statements in prior years Whether there were any significant control deficiencies identified in prior years Whether there were any changes in senior management during the period Whether there were any significant changes in business objectives/strategy
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We determined a lower level of specific materiality for certain specific areas, being directors' remuneration and related party transactions.

Materiality measure	Company
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£250,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



FSM: Financial statements materiality

PM: Performance materiality

TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit
We performed a risk-based audit that requires an understanding of the company's business and in particular matters related to:

Understanding the company and its environment, including controls
The engagement team obtained an understanding of the company and its environment, including the controls and the assessed risks of material misstatement. We performed interim and advanced audit procedures as well as an evaluation of the internal control environment, including the company's IT systems and controls.

Performance of the audit
We performed the majority of our work on-site and undertook substantive testing on significant transactions and material account balances, including the procedures outlined above in relation to key audit matters. There were no significant changes to the scope of the audit compared to the prior period audit.

Other information
The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and

information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in:

the strategic report or the directors' report; or

the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements and the part of the directors' remuneration report to be audited 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; or

a corporate governance statement has not been prepared by the company.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit:

the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

the directors' explanation in the Annual Report and Financial Statements as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions;

the directors' statement that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy;

the directors' confirmation in the annual report that they have carried out a robust assessment of the principal and emerging risks facing the company including the impact of Covid-19 and the disclosures in the annual report that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated including the impact of Covid-19;

the section of the annual report that describes the review of the effectiveness of the company's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls; and

the section of the annual report describing the work of the audit committee, including significant issues that the audit committee considered relating to the financial statements and how these issues were addressed.

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of legal and regulatory frameworks applicable to the company and the industry in which it operates through review of prior year financial statements, enquiries of management, the finance team, Head of Legal and the Audit Committee. We determined that the following laws and regulations were most significant: UK-adopted international accounting standards, IFRIC Interpretations, Companies Act 2006, Listing Rules and the UK Corporate Governance Code;
- We enquired of management and the board of directors whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected alleged fraud;
- We enquired of management, the finance team, Head of Legal and the Audit Committee about the company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations;
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the company secretary. Our findings were corroborated by review of the board minutes and papers provided to the audit committee and a review of HMRC correspondence;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
    - Obtaining an understanding of how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
    - Challenging assumptions and judgements made by management in its significant accounting estimates;
    - Identifying and testing journal entries with a focus on journals indicating large or unusual transaction or account combinations based on our understanding of the business, including material journal entries impacting the profit and loss accounts as well as journal entries posted by key management personnel;
    - Applying audit data analytics techniques across the revenue population to match revenue recorded to cash receipts and investigating and corroborating any expected exceptions;
    - Applying audit data analytics techniques across the costs of goods sold population to match revenue recorded to cost of goods sold and investigating and corroborating any expected exceptions;
    - Assessing matters reported through the company's whistleblowing programme and the results of management's investigation of such matters; and
-

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

The engagement partner assessed the appropriateness of the collective competence and capabilities of the engagement team, by considering the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;

We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other matter which we required to address

Following the recommendation of the audit committee, we were appointed by the board on 9 November 2017 to audit the financial statements for the period ended 29 July 2018 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years, covering the periods ended 29 July 2018 to 31 July 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

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.

Grant Thornton UK LLP

Marc Summers BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
6 October 2022

DIRECTORS AND OFFICERS

A founder-led company with a combined executive board experience of 86 years.

EXECUTIVE BOARD DIRECTORS	**Tim Martin**, Chairman, aged 67 Founded the Company in 1979, having previously studied law at Nottingham University and qualified as a barrister. He became chairman in 1983. Ⓑ **Su Cacioppo**, Personnel and Legal Director, aged 55 Joined in 1991 and was appointed to the board in 2008. She is a graduate of South Bank University and London Guildhall University. Ⓑ Ⓜ **James Ullman**, Personnel and Retail Auditor Director, aged 51 Joined in 1994 and was appointed to the board in 2022. He is a graduate of Brighton University and Birmingham City University. He became a chartered internal auditor in 2011. Ⓑ Ⓜ	**John Hutson**, Chief Executive Officer, aged 57 Joined in 1991 and was appointed to the board in 1996. He is a graduate of Exeter University. Ⓑ Ⓜ **Ben Whitley**, Finance Director, aged 44 Joined in 1999 and was appointed to the board in 2015. He is a graduate of Durham University and qualified as a chartered management accountant in 2012. Ⓑ Ⓜ
EMPLOYEE DIRECTORS	**Hudson Simmons**, Employee Director, aged 50 Joined in 1997 and was appointed to the board in 2021 and is area manager for the Sheffield area. He is a graduate of Nottingham Trent University. Ⓑ	**Debbie Whittingham**, Employee Director, aged 53 Joined in 1992 and was appointed to the board in 2021. She is regional manager for the West Midlands. Ⓑ
NON-EXECUTIVE DIRECTORS	**Ben Thorne**, Senior Independent Director, aged 63 Appointed to the board in 2020. He is a graduate of Westminster University. He qualified as a solicitor in 1985. He is managing director at WH Ireland. Ⓑ Ⓐ Ⓝ Ⓡ **Harry Morley** Non-Executive Director, aged 57 Appointed to the board in 2016 and is chair of the audit committee. He is a graduate of Oxford University. He is a non-executive director of The Mercantile Investment Trust plc, TheWorks.co.uk plc and of Cadogan Group. He is a trustee of the Ascot Authority. He qualified as a chartered accountant in 1991. Ⓑ Ⓐ Ⓝ Ⓡ	**Debra van Gene**, Non-Executive Director, aged 68 Appointed to the board in 2006 and is chair of the remuneration committee. She is a graduate of Oxford University. She has previously been a partner at Heidrick and Struggles Inc and a commissioner with the Judicial Appointments Commission. Ⓑ Ⓐ Ⓝ Ⓡ **Sir Richard Beckett**, Non-Executive Director, aged 78 Appointed to the board in 2009 and is chair of the nomination committee. He was called to the bar in 1965 and took silk in 1987. He was one of the pre-eminent practitioners in regulatory and licensing matters. Ⓑ Ⓐ Ⓝ Ⓡ
MANAGEMENT BOARD	**Nigel Connor**, Company Secretary and Legal Director, aged 53 Joined in 2009 and was appointed company secretary in 2014. He is a graduate of Newcastle University and qualified as a solicitor in 1997. Ⓑ Ⓜ **Michael Barron**, Commercial Director, aged 36 Joined in 2011 and appointed to the management board in 2022. He is a graduate of Sheffield University and qualified as a chartered accountant in 2010. Ⓜ **Paul Brimmer**, Purchasing Director, aged 47 Joined in 2006 and appointed to the management board in 2022. He became a member of the Chartered Institute of Procurement and Supply in 2002. Ⓜ	**David Capstick**, IT and Property Director, aged 61 Joined in 1998 and appointed to the management board in 2003. He is a graduate of the University of Surrey. Ⓜ **Martin Geoghegan**, Operations Director, aged 53 Joined in 1994 and appointed as operations director in 2004. Ⓜ **Tom Ball**, People Director, aged 46 Joined in 2009 and appointed to the management board in 2022. He is a graduate of Bournemouth University. Ⓜ **Hannah Young**, Deputy Finance Director, aged 41. Joined in 2013 and appointed to the management board in 2022. She is a graduate of Bristol University and qualified as a chartered management accountant in 2006. Ⓜ
ASSOCIATE EMPLOYEE DIRECTORS	**Will Fotheringham**, Associate Employee Director, aged 48 Joined in 1998. Appointed as an associate employee director in 2021. He is general manager for the north west England and north Wales.	**Emma Gibson**, Associate Employee Director, aged 36 Joined in 2004. Appointed as an associate employee director in 2021. She is pub manager of The Imperial, Exeter.

Key

Ⓑ Board member Ⓜ Management board Ⓐ Audit committee Ⓝ Nomination committee Ⓡ Remuneration committee

DIRECTORS' REPORT

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page 65.

Dividends
No dividend will be paid for the year.

Return of capital
At the annual general meeting of the Company, held on 18 November 2021, the Company was given authority to make market purchases of up to 19,312,523 of its own shares. During the year to 31 July 2022, we purchased 1,396,204 shares for share-based payments.

Directors' interest in contracts
No director has any material interest in any contractual agreement, other than an employment contract, subsisting during or at the end of the year, which is, or may be, significant to the Company.

Takeover directive disclosures
The Company has an authorised share capital comprising 500,000,000 ordinary shares of 2p each. As at 31 July 2022, the total issued share capital comprised 128,750,155 fully paid-up shares of 2p each. The rights to these shares are set out in the Company's articles of association. There are no restrictions on the transfer of these shares or their attached voting rights.

Details of significant shareholdings at year end and as at 31 July 2022 are given on page 85.

No person holds shares with specific rights regarding control of the Company.

The Company operates an employee share incentive plan. However, no specific rights with respect to the control of the Company are attached to these shares. In addition, the Company operates a deferred bonus scheme, whereby, should a takeover occur, all shares held in trust would be transferred to the employee immediately.

The Company is not aware of any agreements among holders of securities known to the Company which may result in restrictions on the transfer of securities or voting rights.

The Company has the power to issue and buy back shares as a result of resolutions passed at the annual general meeting in 2021. It is the Company's intention to renew these powers; the resolutions approving them are found in the notice of the annual general meeting for 2022.

In the event of a change of control, the Company is obliged to notify its main bank lenders. The lenders shall not be obliged to fund any new borrowing requests; facilities will lapse 10 days after the change of control, if the terms on which they can continue have not been agreed on.

Any borrowings, including accrued interest, will become immediately repayable on such lapse.

There are no other significant agreements to which the Company is party which may be subject to change-of-control provisions.

There are no agreements with the Company's directors or employees which provide for compensation for loss of office or employment which occurs because of a takeover bid.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report, the directors' remuneration report and the financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with the UK-adopted international accounting standards and have been prepared in accordance with the requirements of the Companies Act 2006. Under company law, the directors must not approve the financial statements, unless they are satisfied that they give a true, fair and balanced view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates which are reasonable and prudent
- state whether applicable UK-adopted international accounting standards (IASs) in accordance with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 and article 4 of the IAS regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware
- the directors have taken all the steps which they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider that the annual report and financial statements, taken as a whole, provide the information necessary to assess the Company's performance, business model and strategy and are fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the Company's financial statements are prepared in accordance with the UK-adopted international accounting standards and have been prepared in accordance with the requirements of the Companies Act 2006; and
- the strategic report and directors' report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties which it faces.

Business relations
Information on the Company's relations with customers and suppliers is disclosed in the strategic report on page 51.

Employment policies
Information on the Company's employment policies is disclosed in the corporate governance report on pages 83-84.

Directors' indemnities
As permitted by the articles of association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision, as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Throughout the financial year, the Company also purchased and maintained, directors and officers' liability insurance, in respect of itself and its directors.

Viability statement
In accordance with provision 31 of the UK Corporate Governance Code 2018, the directors confirm that they have a reasonable expectation that the Company will continue to operate and meet its liabilities, as they fall due, until the financial year in 2025.

The directors have determined that a three-year period is an appropriate period over which to assess viability, as it aligns with the Company's capital investment plans and gives a greater certainty over the forecasting assumptions used.

The directors' assessment has been made with reference to the Company's current position, financial plan and its principal risks and uncertainties set out on pages 52–53, specifically economic, regulatory, reputational and interest-rate risks. To assess the impact of the Company's principal risks and uncertainties on its long-term viability, scenarios were applied to the Company's financial forecasts in the form of reduced like-for-like sales compared to FY19 . It is assumed that the Company's financial plans would be adjusted in response, such actions could include reducing discretionary expenditure and/or implementing price increases.

The Company has Revolving Credit Facilities in place of £875m until February 2024 and £855m until February 2025. The company has re-financing options available including possible extensions on the Revolving Credit Facility.

In making this statement, the directors carried out a robust assessment of the principal risks and uncertainties facing the Company, including those which would threaten its business model, future performance, solvency or liquidity. Principal risks and uncertainties set out on pages 52–53 are the result of internal risk management and control processes, with further details set out in the audit committee's report on pages 81-84.

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

The Company has modelled a base forecast in which, over the period to 28 January 2024 as it continues to emerge from the pandemic, sales, profit and cash flow growth continues. The Company has anticipated within this forecast continued high levels of inflation, particularly on food products, wages and repairs.

A more cautious scenario has been analysed, in which sales decline by 5% in the next 12 months, compared with FY19. The Company has reviewed, and is satisfied with, the mitigating actions which it could take if such a decline were to occur. Such actions could include reducing discretionary expenditure and/or implementing price increases.

The directors are satisfied that the Company has sufficient resources (eg profitability/liquidity) to withstand adjustments to the base forecast, as well as the downside scenario.

The Company has agreed with its lenders to replace normal financial covenant tests with a minimum liquidity covenant for the period up to and including January 2023, and relaxed leverage covenant tests for the second half of the financial year to 30 July 2023. The Company is confident that it will be in a position to return to normal financial covenant tests thereafter. The Company has re-financing options available including possible extensions on the revolving credit facility.

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

Financial instruments
The Company's policy on the use of financial instruments is set out in note 22.

Greenhouse gas (GHG) emissions

GHG emissions	Unit	Quantity 2022	2021
Scope 1	Tonnes CO_2e	41,324	24,726
Scope 2	Tonnes CO_2e	65,971	57,079
Fuel (car)	Tonnes CO_2e	454	33
Intensity	Tonnes CO_2e / £m revenue	61.9	105.9

Consumption (kWh)

	2022	2021
Scope 1	226,818,295	134,994,694
Scope 2	205,305,472	178,260,013
Fuel (car)	1,917,037	139,138
Total	434,040,804	313,393,845

The data in the above tables is calculated by taking consumption data and converting it using conversion factors published by the Department for Business, Energy & Industrial Strategy.

All emissions have been produced within the UK.

This data doesn't include amounts from the Republic of Ireland, owing to us not holding this information.

Reported data is for the year ended 31 July 2022

Scope 1 – combustion of gas

Scope 2 – purchase of electricity

Refrigerant emissions from our pubs are not reported, as they are immaterial

The amounts for 2022 are for the 53 week period ending 31 July 2022, while the amounts for 2021 are for the 52 week period ending 25 July 2021.

Overseas branches
The Company has an overseas branch in the Republic of Ireland.

Listing Rule 9.8.4 R
Information required by this rule to be disclosed (starting on page indicated, if applicable):

Details of long-term incentive schemes, page 70–71

Provision of services by a controlling shareholder page 69–77,

Agreements with controlling shareholders, page 42

Corporate governance (DTR 7.2.9 R), pages 78–84.

Future developments
The Company intends to continue to operate pubs and hotels throughout the UK and Ireland. The Company aims to continue to provide customers with good-quality food and drinks, served by well-trained and friendly staff, at reasonable prices.

Events after the reporting period
There are no events to disclose.

By order of the board

Nigel Connor
Company Secretary
6 October 2022

DIRECTORS' REMUNERATION REPORT

Annual statement

Dear shareholder

The following salary increases and awards were made to executive board members this year, in accordance with the remuneration policy agreed by shareholders at the Company's AGM in December 2020:

Salary

The salaries of the CEO, the Finance Director and the Personnel and Legal Director were unchanged. This compares with a 7.89% increase for the general salaried workforce.

The Personnel and Legal Director is retiring on 7 October 2022. The Company has promoted the Retail Audit Director to Personnel and Retail Audit Director. His salary was increased by 20% on promotion.

Annual cash bonus

There will be no annual cash bonus awarded to executive directors this year.

Deferred bonus scheme

The deferred bonus scheme is a scheme which may award shares to all senior managers throughout the business including executive directors.

Given the extraordinary circumstances of the past year, the scheme was not due to deliver any award of shares.

In recognition of the enormous effort and hard work since March 2020, and in order to continue to motivate all senior managers throughout the business in their continued focus to rebuild the business, the Remuneration Committee agreed to award a discretionary bonus based on 10% increase in owners' earnings. At executive board level this will result in an award of 25% of basic salaries in shares.

Company share incentive plan (SIP)

The Company SIP is open to all employees in the Company, at varying levels, according to each individual's seniority and length of service.

Executive Directors received an amount equivalent to 25% of their salary in shares. The CEO and Personnel and Legal Director received an additional award equivalent to 10% of their salary, because of their length of service. This additional 10% is available to all employees with over 30 years' service with the Company.

Pension

A new all employee pension scheme has been introduced, in line with current guidance and applies to all new employees from 1 August 2022.

The Remuneration Committee agreed that no reductions would be made to pension contribution levels for existing directors and employees. This is on the basis that the current pension contribution percentage is part of existing directors' and employees' contractual arrangements and complies with the Company remuneration policy agreed by shareholders at the December 2020 AGM.

Accordingly, the Company paid 12% pension contributions or a cash equivalent to executive directors this year.

The CEO and the Personnel and Legal Director received an additional 4% of their salary, because of their length of service. This additional 4% is available to all employees with over 30 years' service with the Company.

Workforce engagement

Wider workforce policies and issues, including (but not exclusively) remuneration, are a standing item on board agendas.

In the current year two employee directors and two associate employee directors were appointed. This was in order that debate and decision making at board level shared the benefit of the "front line" experience that the company 's other regular meetings benefit from. This sharing of experience is vital to preserving the culture of the company in the future

In setting remuneration for the executive board, the committee takes into account wider workforce remuneration policies throughout the Company. Many of the elements of executive board remuneration outlined above extend throughout much of the Company, at varying levels

Debra van Gene

Chair of the Remuneration Committee

6 October 2022

Remuneration policy
The committee reviews the executive directors' remuneration packages at least annually.
The aim of the remuneration policy is to:

- Provide attractive and fair remuneration for directors
- Align directors' long-term interests with those of shareholders, employees and the wider community
- Incentivise directors to perform to a high level

In agreeing on remuneration, account is taken of the pay levels at Wetherspoon, as well as those in the hospitality industry in general, along with other comparisons and reports. The committee aims to take a fair and commonsense approach.

This statement of our remuneration policy was approved by shareholders at the Company's AGM on 17 December 2020. The policy is put forward to shareholders' for approval every three years.

Component	Reason	Operation, maximum achievable and performance criteria
Base salary	Provide attractive and fair remuneration for directors.	Salaries are reviewed at least annually, with any changes normally taking effect from 1 October each year. Salary increases are awarded at the discretion of the remuneration committee. When considering salary levels and whether an increase should be offered, the committee takes account of a variety of factors, including Company performance, individual performance, experience and responsibilities, market information and the level of increase being offered to other employees.
Benefits	Provide attractive and fair remuneration for directors.	A range of taxable benefits is available to executive directors. These benefits comprise principally the provision of a car allowance, life assurance, private medical insurance and fuel expenses. In addition, an allowance equivalent to 5% of salary is paid for a set number of calls to monitor service and standards in pubs, predominantly in the evening and at weekends. This is paid quarterly. The cost of benefits provided changes in accordance with market conditions. The committee monitors the overall cost of the package periodically.
Pension	Provide attractive and fair remuneration for directors.	The Company does not operate any defined benefit pension schemes. Newly appointed executive directors will receive a pension contribution of 6% which is aligned with that made on average to the wider workforce at the date of this policy. For the basis of this, please see the table on page 74. Existing executive directors will continue to receive 12% of base salary, on the basis that this has never been excessive, is lower than the average for FTSE250 firms and is not disproportionate with that of the wider workforce. After 25 years' service, all employees in the Company, including executive directors receive additional pension payments of 2% of their salary. This rises by a further 2% after each additional five years' service. Executive directors may receive a salary supplement in lieu of pension, at the discretion of the remuneration committee.
Annual bonus plan	Incentivise directors to perform to a high level.	Annual bonus payments are paid in cash, at the discretion of the remuneration committee. The bonus is based on profit growth, multiplied by a factor of 1.5 and paid to a maximum of 45% of salary. Profit growth is calculated on profit before tax, property gains/losses and exceptional items.

Component	Reason	Operation, maximum achievable and performance criteria
Share incentive plan (SIP)	Align directors' interests with those of shareholders, employees and the wider community.	The SIP allocates shares equivalent to 5% of salary to all Company employees after an 18-month qualifying period. Shares do not vest for at least three years under this plan – and tax-free returns are possible, if the shares are held for five years or more. The Company offers extra shares under this scheme to some employees: pub managers receive an extra 5% annual award; head-office staff 10–15%; directors, including executive board directors, 20%. After 25 years' service, executive directors receive additional SIPs of 5% of their salary. This rises by a further 5% after each additional five years' service. The increases which apply to directors after 25 years and after each additional five years also apply to all other employees. Awards under this scheme are not based on financial or other targets. The Company believes that excessive use of financial targets can lead to distortions in companies' behaviour and that it is important for there to be some share awards which can be accumulated gradually, the value of which depends on the overall success of the Company. The aim is for all employees to be able to accumulate shares over time, to encourage loyalty and joint purpose. Awards are made twice yearly throughout the Company. Directors must be in office when the shares vest. If changes are made to SIPs which apply to all employees in the schemes, they may be applied to executive directors, at the discretion of the remuneration committee.
Deferred bonus scheme	Align directors' interests with those of shareholders, employees and the wider community.	The Company does not operate a shareholding scheme with a minimum vesting period of five years. The deferred bonus scheme may award shares to all senior managers, including executive directors. Bonus awards are made under the scheme, annually, at the discretion of the remuneration committee. Bonus awards are satisfied in shares. One-third of a participant's shares will vest to the participant on calculation of the amount of the award, one-third will vest after one year and the remaining third will vest to the participant after two years (in each case subject to the participant being employed at the release date). The current performance criteria are based on earnings per share and owners' earnings per share. The performance criteria for executive directors are the same as those for senior managers who are eligible for the scheme. Awards are made using a multiple based on an employee's grade. The maximum bonus to be earned under the scheme is 100% of annual salary. Any changes made to the deferred bonus scheme for eligible senior managers may, at the discretion of the remuneration committee, be applied to executive directors.
Non-executive directors' fees	Provide attractive and fair remuneration for directors.	The fees paid to non-executive directors are determined by the executive board, taking into account the level of fees for similar positions in the market and the time commitment which each non-executive director makes. The non-executive directors receive no other remuneration or benefits from the Company.

Shareholdings

Executive directors are required to maintain a minimum shareholding. Minimum holding requirements are set by the remuneration committee for each director and reviewed every three years, when the remuneration policy is reviewed. Minimum holding requirements include awarded shares which have not yet vested.

To the extent that any executive director holds under the required number of shares, he or she has a five-year period to meet this requirement from the date on which the requirement was set (17 December 2020). During this period, at least 50% of any vested share awards must be retained, until the required shareholding is attained.

On ceasing to be an executive director, a minimum holding of 50% of the previous requirement must be maintained for a minimum period of 12 months.

This guideline applies to shares which vest following the adoption of this guideline. Any shares purchased by executives would not be subject to the guideline.

The application of the minimum shareholding requirement is at the discretion of the remuneration committee.

The current minimum shareholding requirements are 200% of base salary, calculated on a £15.71 share price at 29 July 2019, this was the share price at the start of the previous financial year:

	Number of shares	
	Minimum Requirement	Shares held as 31 July 2022
B Whitley	28,000	25,957
J Hutson	76,000	196,618
S Cacioppo	44,000	58,158
T Martin	41,000	28,174,709

Difference between the policy for directors and that for employees

Members of the wider management team may receive each of the components of remuneration awarded to the executive directors, although the amounts due for each component may vary, depending on their level of seniority.

Non-executive directors are not entitled to any component, other than fees.

The wider employee population of the Company will receive remuneration which is considered appropriate to their level of responsibility and performance.

Withholding and recovery of awards

Awards made under the bonus scheme and the deferred bonus scheme may be reclaimed, in exceptional circumstances of misstatement or misconduct.

In the event of serious misstatement or misconduct, the remuneration committee can stop bonuses from being paid and prevent share awards from vesting. The remuneration committee will make reasonable judgement, based on the facts at hand. Any actions taken will be at the discretion of the remuneration committee.

Approach to recruitment remuneration

The aim, when agreeing on components of a remuneration package, including any variable pay for incoming directors, would be in accordance with the table above.

Account is taken of the individual's experience, the nature of the role being offered and his or her existing remuneration package. Relocation expenses or allowances may be paid, as appropriate.

The committee may, at its discretion, offer cash, share-based elements or additional pension contributions, as necessary, to secure an appointment, although it does not normally do so. Shareholders will be informed of any such payments at the time of appointment.

Our main principle is that payments made to prospective directors as compensation for loss of benefits at a previous Company are inherently unfair, since it would be extremely rare for anyone below board level to receive this sort of compensation.

Chairman and directors' service contracts

The executive directors are employed on rolling contracts, requiring the Company to give up to one year's notice of termination, while the director may give six months' notice.

In the event of termination of employment with the Company, without the requisite period of notice, executive directors' service contracts provide for the payment of a sum equivalent to the net value of salary and benefits to which the executive would have been entitled during the notice period.

The executive is required to mitigate his or her loss and such mitigation may be taken into account in any payment made. The Company's policies on the duration of directors' service contracts, notice periods and termination payments are all in accordance with best industry practice.

The commencement dates for executive directors' service contracts were as follows:

Tim Martin – 20 October 1992
John Hutson – 2 February 1998
Su Cacioppo – 10 March 2008
Ben Whitley – 5 November 2015
James Ullman – 22 September 2022

All executive directors apart from Su Cacioppo, will be standing for re-election at the AGM. Their current service contracts do not have an explicit expiry date.

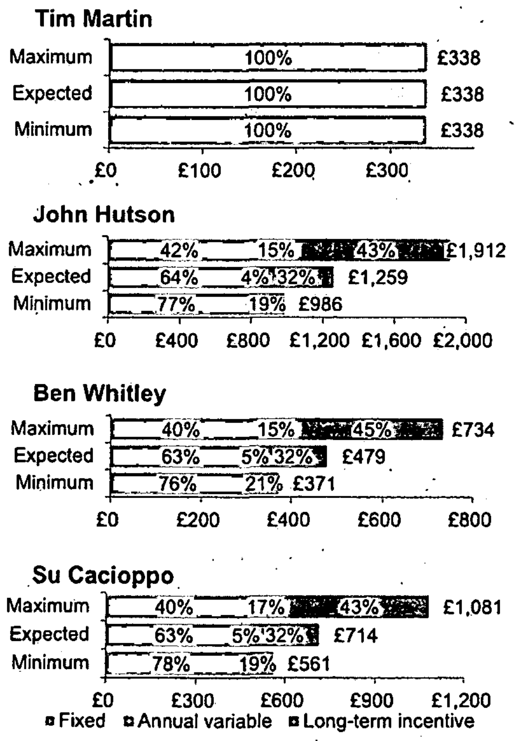
Non-executive directors
The non-executive directors hold their positions, pursuant to letters of appointment dated 12 November 2021, with a term of 12 months.

If their appointment is terminated early, non-executive directors are entitled to the fees to which they would have been entitled up to the end of their term. They do not participate in the Company's bonus or share schemes. Their fees are determined by the executive directors, following consultation with professional advisers, as appropriate.

Employee directors
The employee directors hold their positions, pursuant to letters of appointment dated 9 December 2021, with a term of three years.

External appointments
Executive directors are not allowed to take external appointments without the prior consent of the Company. The Company has not released any executive directors to serve as non-executive director elsewhere.

Illustration of the application of the remuneration policy
The charts below set out the composition of the chairman and executive directors' remuneration packages in £000, at a minimum, a reasonable expectation target and as a possible maximum:



The fixed annual values include:
- Fixed annual salary, benefits and allowances, in line with those outlined in the policy section, and based on the salaries applicable as at 31 July 2022

The annual variable values include the cash bonus which may be achievable. In the case of 'expected', an average percentage achieved over the last five years has been used as a basis.

The long-term incentive plan values include:
- The fixed 25% awarded under the Company's share incentive plan
- An average achieved in respect of the deferred bonus scheme over the last five years

Payments for loss of office
The Company's policy is that the period of notice for executive directors will not exceed 12 months; accordingly, the employment contracts of the executive directors are terminable on 12 months' notice by the Company or six months' notice by a director.
In the event of gross misconduct, the Company may terminate a director's employment without notice or compensation.

In the event of a director's departure, the Company's policy on termination payments is as follows:
- The Company will seek to ensure that no more is paid than is warranted in each individual case
- Salary payments will be limited to notice periods
- There is no entitlement to bonus paid (or associated deferred shares or SIPs) following notice of termination
- The committee's normal policy is that, where the individual is considered a 'good leaver', a prorated bonus may be paid
- The Company may enable the provision of outplacement services to a departing director

Retirement policy
The Company does not have a mandatory retirement age. Employees wishing to retire should be aged at least 55 years at the date of leaving (the minimum age a person can access a workplace pension) and serve their contractual notice period. Retiring employees are permitted to retain any unvested shares held in any Company scheme.

Consideration of employment conditions elsewhere in the Company
The committee receives information on salary increases, bonus payments and other benefits available at the Company. These are taken into consideration when conducting the review of executive remuneration, although no formal consultation with employees is undertaken in this regard.

Consideration of shareholders' views
Any views in respect of directors' remuneration expressed to the Company by shareholders have been, and will be, taken into account in the formulation of the directors' remuneration policy.

Details of votes cast for and against the resolution to approve last year's remuneration report and any matters discussed with shareholders during the year are provided in the annual report on remuneration.

Annual report on remuneration

The table below sets out in a single figure the total amount of remuneration, including each element, received by each director for the year ended 31 July 2022.

Single-figure table – audited

	Full basic salary (pre deductions)		Voluntary COVID-19 reductions		Taxable benefits/allowance[1]		Performance bonus[2]		Long-term incentives[4]		Pension contributions[3]		Total		Total fixed		Total variable	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Executive directors																		
John Hutson	638	638	–	(51)	54	33	–	–	223	96	102	97	1,017	813	794	717	223	96
Su Cacioppo	358	358	–	(6)	38	24	–	–	125	54	57	51	578	481	453	427	125	54
Ben Whitley	250	250	–	(4)	29	20	–	–	62	31	30	30	371	327	309	296	62	31
James Ullman	45	–	–	–	9	–	–	–	–	–	6	–	60	–	60	–	–	–
	1,291	1,246	–	(61)	130	77	–	–	410	181	195	178	2,026	1,621	1,616	1,440	410	181
Chairman, non-executive directors and employee directors																		
Tim Martin	324	324	–	(51)	13	14	–	–	–	–	–	–	337	287	337	287	–	–
Ben Thorne	54	32	–	(7)	–	–	–	–	–	–	–	–	54	25	54	25	–	–
Debra van Gene	54	54	–	(9)	–	–	–	–	–	–	–	–	54	45	54	45	–	–
Richard Beckett	54	54	–	(9)	–	–	–	–	–	–	–	–	54	45	54	45	–	–
Harry Morley	54	54	–	(9)	–	–	–	–	–	–	–	–	54	45	54	45	–	–
Hudson Simmons	5	–	–	–	–	–	–	–	–	–	–	–	5	–	5	–	–	–
Deborah Whittingham	5	–	–	–	–	–	–	–	–	–	–	–	5	–	5	–	–	–
	550	518	–	(85)	13	14	–	–	–	–	–	–	563	447	553	447	–	–
Total	**1,841**	1,764	–	(146)	**143**	91	–	–	**410**	181	**195**	178	**2,589**	2,068	**2,179**	1,887	**410**	181

1) Taxable benefits include car allowances and the provision of rail travel for Tim Martin, as well as private health and fuel expenses for executive directors. In respect of the element for pub calls made to monitor standards, 5% was awarded, in line with policy.
2) No bonus was awarded under the profit growth element of the bonus scheme, in line with policy. This bonus is only awarded to the executive directors and not the employee directors, Hudson Simmons and Deborah Whittingham.
3) Existing executive directors receive either pension contributions, equivalent to 12% of salary, to the stakeholder pension plan or salary in lieu of pension contributions. Additional pension payments are made, equivalent to 2% of salary for 25–29 years' service, a further 2% for 30–34 years' service and a further 2% at 35+ years' service. Su Cacioppo, John Hutson and Ben Whitley took, in salary, the portion of their Company pension contribution which was above the annual cap. For newly appointed executive directors they receive pension contributions at 6% which aligns with contributions of the wider workforce.
4) The amount in the table under long-term incentives, includes the monetary value of the share awards which have taken place during the period for both SIP and RSP payments which took place during October 2021 and March 2022. The above table is on a cash basis and does not include the monetary value for the share awards that will take place in October 2022. These have been accrued within note 5.
5) Ben Thorne was appointed a non-executive director on 17 December 2020. In FY21, Ben Thorne's remuneration is shown from the date of his appointment.
6) Deborah Whittingham and Hudson Simmons were appointed as employee directors on 20 December 2021. In addition to the employee director's fees above, both received earnings from the Company as an employee.
7) James Ullman was appointed personnel and retail audit director on 4 May 2022. James Ullman's remuneration is shown from the date of his appointment. He has not been included in the long-term Incentive award table on page 75 owing to these awards taking place prior to 4 May 2022.

The final amount received by executive directors for long-term incentive awards will be affected by future changes in the Company's share price. A 50% increase in the share price between the award date and the vesting date would increase the value of the award by 50%. Conversely, a 50% reduction would reduce the value of the award by 50%.

As at the date of the remuneration policy, the average employer contribution across all levels (pubs and head office) for the stakeholder plan was 5.4%, with the average employer contribution across all levels (head office only) for the stakeholder plan being 6.2%.

Details of targets applicable during the year are disclosed in the directors' remuneration policy statement.
The resultant percentages against each of the bonus measures achieved are shown below, with the percentage awarded for each director being the same.

	Maximum	Awarded	B Whitley	J Hutson	S Cacioppo	J Ullman
Profit growth	45.0%	0.0%	-	-	-	-
Total performance bonus	45.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee share scheme	25.0%	25.0%	62,452	186,108	104,478	-
Employee share scheme – long service*	10.0%	10.0%	–	63,808	35,820	-
Deferred Bonus scheme	100.0%	25.0%	62,500	159,591	89,595	11,250
Total long term incentives	130.0%	55.0%	124,952	382,921	214,968	11,250
Total	**175.0%**	**55.0%**	**124,952**	**382,921**	**214,968**	**11,250**

*J Hutson and S Cacioppo receive an additional 10%, as they have completed 30 years' service with the Company.
James Ullman was appointed personnel and retail audit director on 4 May 2022. James Ullman's bonus measures are shown from the date of his appointment.

Long-term incentive awards – audited

	Number of shares			Face value in £		
	*Share incentive plan	**Deferred bonus scheme	Total	Share incentive plan	Deferred bonus scheme	Total
B Whitley	6,807	15,447	22,254	62,452	62,500	124,952
J Hutson	24,342	39,444	63,786	223,330	159,591	382,921
S Cacioppo	13,665	21,144	34,809	125,373	89,595	214.968
	44,814	**76,035**	**120,849**	**411,155**	**311,686**	**722,841**

*Awarded at an average share price of £10.90, three days before grant; shares will vest three years after grant.
**Calculated at an estimated share price of £4.05, which is the share price five days before grant date. The actual award will be determined by using the share price five days after the grant date.The grant date will be 7 October 2022. These shares vest in three equal tranches in each of 2022, 2023 and 2024.

All awards have no further performance conditions attached, except to be employed by the Company at the vesting date.

Directors and connected persons' interests in shares: audited
The interests of the directors in the shares of the Company, as at 31 July 2022, were as follows:

Ordinary shares of 2p each, held beneficially

	Shares	**Share incentive plan**	**Deferred bonus scheme**	**2022**	Shares	Share incentive plan	Deferred bonus scheme	2021
T R Martin	**28,174,709**	**–**	**–**	**28,174,709**	28,174,709	–	–	28,174,709
B Whitley	**14,064**	**11,893**	**–**	**25,957**	12,287	8,987	723	21,997
J Hutson	**156,219**	**40,399**	**–**	**196,618**	152,035	30,013	2,036	184,084
S Cacioppo	**35,479**	**22,679**	**–**	**58,158**	38,616	16,848	1,143	56,607
J Ullman	**22,629**	**7,804**	**–**	**30,433**	–	–	–	–
H Simmons	**1,003**	**1,619**	**–**	**2,622**	–	–	–	–
D Whittingham	**2,969**	**3,023**	**–**	**5,992**	–	–	–	–
B Thorne	**–**	**–**	**–**	**–**	–	–	–	–
D van Gene	**3,777**	**–**	**–**	**3,777**	3,777	–	–	3,777
R Beckett	**2,000**	**–**	**–**	**2,000**	2,000	–	–	2,000
H Morley	**3,111**	**–**	**–**	**3,111**	3,111	–	–	3,111

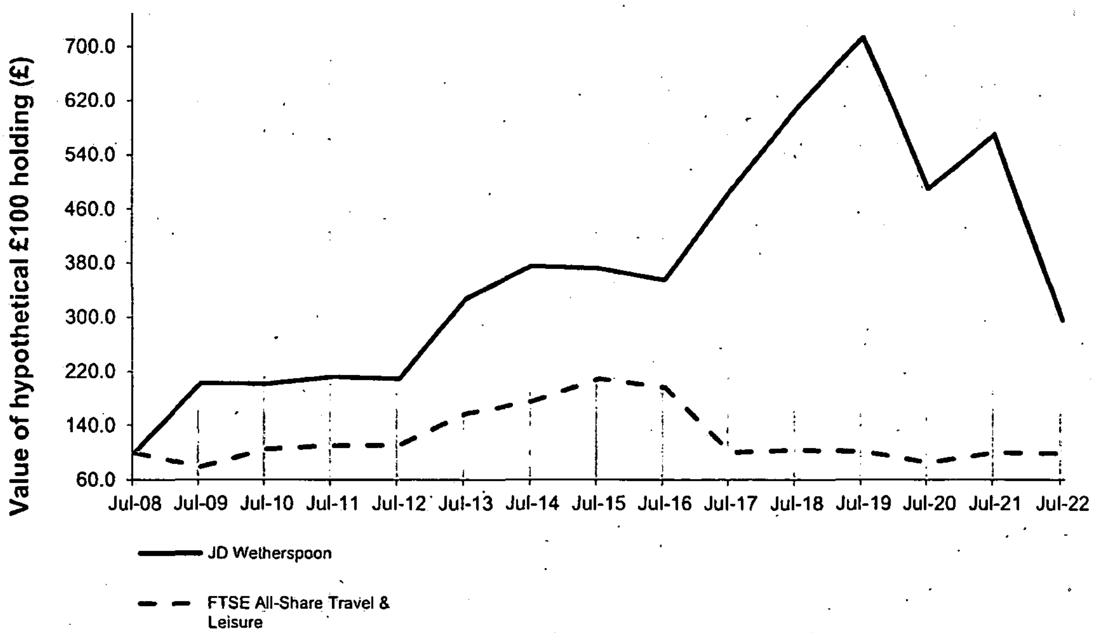
With the exception of partnership shares, there have been no changes to these interests since 31 July 2022.

Partnership shares
Su Cacioppo and Ben Whitley are participants of the partnership share scheme and acquired 218 shares each in the year. John Hutson is a participant in the partnership share scheme and acquired 217 shares in the year. Deborah Whittingham was also a participant of the partnership share scheme and acquired 141 shares in the year. The market price of the shares purchased ranged 567.0–1,155.0p.

Partnership shares are shares which can be purchased by individuals who work in the Company for a duration of time. Participants can elect to purchase these shares which come out each employee's payroll.

Performance graph – non-audited information
This graph shows the total shareholder return (with dividends reinvested) of a holding of the Company's shares against a hypothetical holding of shares in the FTSE All-Share Travel & Leisure sector index. The directors selected this index, as it contains most of the Company's competitors and is considered to be the most appropriate index for the Company.

Growth in the value of a hypothetical £100 holding since July 2008, based on 30-trading-day average values



Chief executive officer's remuneration

John Hutson	Single figure of total remuneration £000	Performance bonus payment achieved against maximum possible %	Long-term incentives scheme shares vesting against maximum possible* %
2022	1,017	-	100
2021	813	-	100
2020	738	-	100
2019	1,035	10	100
2018	1,490	29	100
2017	1,698	85	100
2016	1,187	21	100
2015	1,202	10	100
2014	741	19	100
2013	1,079	43	100

* As long-term incentive scheme shares issued have no further performance criteria attached, all shares previously awarded vest in full when the vesting date is reached.

The following table compares the change in remuneration of all the directors, non-executive directors and chairman with that of all employees

	Change in annual salary %	Change in taxable benefits %	Change in annual bonus %
Ben Whitley	-	45.0	-
John Hutson	-	63.6	-
Su Cacioppo	-	58.3	-
Tim Martin	-	(7.1)	-
Debra Van Gene	-	-	-
Richard Beckett	-	-	-
Harry Morley	-	-	-
Ben Thorne	-	-	-
Total Employees	3.7	13.4	64.2

Change in total employees' salary is calculated based on the amounts paid to all employees adjusted for redundancy and employer's national insurance payments, divided by the number of hours worked by employees.

Chief executive's pay ratios
The table below shows the chief executive's total remuneration, as disclosed in the single-figure table, compared with that of full-time equivalent employees' median (50th), 25th and 75th percentiles in the UK.

Pay ratios table

Year	Method	25th	50th	75th
2022	Option B	47:1	45:1	41:1
2021	Option B	41:1	40:1	38:1

The Company has used the same data used for gender pay reporting to determine the median, 25th and 75th percentile employees. This method is called option B in The Companies (Miscellaneous Reporting) Regulation 2018.

It is believed that using a consistent methodology with that of gender pay reporting will produce the most understandable ratios.

There has been no comparison between dividends and share buy-backs this year, as there has been no such events in the current and previous financial year.

Remuneration committee
The remuneration committee comprises the following independent directors: Debra van Gene (chair), Sir Richard Beckett, Ben Thorne and Harry Morley.

The committee meets regularly and considers executive directors' remuneration annually. It approves all contractual and compensation arrangements for the executive directors, including performance-related payments.

Shareholders' vote on 2021 directors' remuneration report
The table below shows the voting outcomes at the 18 November 2021 AGM for the directors' remuneration report.

	Number of votes	% of votes
For	93,104,202	92.36%
Against	7,666,690	7.61%
Abstentions	37,197	0.03%
Total cast	100,808,089	100.00%

All votes at the AGM were passed with at least 80% of the cast votes.

Shareholders' vote on 2020 directors' remuneration policy
The table below shows the voting outcomes at the 17 December 2020 AGM for the directors' remuneration policy.

	Number of votes	% of votes
For	86,184,868	84.88%
Against	14,880,202	14.65%
Abstentions	477,476	0.47%
Total cast	101,542,546	100.00%

Resolutions at last year's AGM seeking the re-election of Sir Richard Beckett and Debra Van Gene received less than 80% of the total votes cast.

The Company has stated, on numerous occasions, its view that the Company benefits from the experience of directors who have served more than nine years and does not agree that it impacts the individual's independence.

The company has continued to engage with shareholders regarding its views on board composition and intends doing so going forwards.

By order of the board

Nigel Connor
Company Secretary
6 October 2022

CORPORATE GOVERNANCE

Introduction
This section of the report sets out how the Company has applied the relevant principles and provisions of the 2018 code and identifies and explains where it has not.

1. Board Leadership and Company Purpose

The Company's approach is set out on page 79

2. Division of Responsibilities

Details of our governance and management structure are set out on page 80

3. Composition, Succession and Evaluation

The board's approach to these areas via the work of the nomination committee and the Company's employment policies are set out on page 83

4. Audit, Risk and Internal Control

An outline of our internal processes in this area set out on pages 81-84

5. Remuneration

A report on how the Company has applied the current remuneration policy and payments made to directors during the period is on pages 69-77.

Statement of compliance
The Company is committed to high standards of corporate governance. The board believes that the Company has been compliant with the code throughout the 53 weeks ended 31 July 2022, except as described below.

3 – Dialogue with shareholders

The code indicates that the chairman should discuss governance and strategy with major shareholders. The chairman has had many discussions with shareholders since the Company's flotation in 1992, although corporate governance has rarely been raised. The majority of discussions with major shareholders now takes place among the CEO, finance director and shareholders. These discussions are relayed to, and considered by, the board. The chairman and senior independent director met a number of major shareholders to discuss the appointment of employee directors to the board. The chairman is available for discussion with major shareholders, when requested.

10 – Non-executive directors' independence

Debra van Gene and Sir Richard Beckett have served more than nine years on the board and so may not be considered independent under the code. The board considers that their performance as non-executive directors continues to be effective.

They contribute significantly as directors through their individual skills, considerable knowledge and experience of the Company. They also continue to demonstrate strong independence in the manner in which they discharge their responsibilities as directors. Consequently, the board has concluded that, despite their length of tenure, there is no association with management which could compromise their independence.

19 – Chairman's term

Tim Martin has served more than nine years as chairman of the board. The board considers that his considerable knowledge and experience from founding the Company and leading it for over 40 years have had a positive effect on the Company's performance.
The board believes that it is in the interest of the Company and its shareholders for Tim Martin to remain as chairman.

21 – External board evaluation

A requirement of corporate governance is a recommendation for a third party to evaluate the functioning of the board. Delegation of a key task of the chairman and of the directors of the board itself to a third party, often with little or no connection with the Company's business and with a very limited knowledge of the directors, may be a dangerous step for a board to take. It is the function of the board itself to evaluate its own performance – and that performance is most evident from the results of the underlying business.
For this reason, it is believed best for the Company to continue with its current system of 'self-evaluation'.

30 – Long-term shareholdings

To promote long-term shareholdings by executive directors and align their interests with shareholders, the code requires that any share awards given to executive directors should have a minimum vesting period of five years. The executive directors receive shares under schemes which are open to other employees and have vesting periods of less than five years. The Company has disclosed details of the share award schemes in the remuneration policy on pages 70–71. To promote long-term shareholding by executive directors, the Company requires directors to hold a minimum number of shares as disclosed on page 72. Restrictions are in place on the sale of shares, if directors have not achieved the minimum holding.

38 – Alignment of pension contribution rate of executive directors with wider workforce

The code states that pension contribution rates for executive directors and payments in lieu, should be aligned with those available to the workforce. As set out in the 2020 remuneration policy, the company took the decision that existing executive directors would continue to receive 12% of base salary on the basis that it had never been excessive, is lower than average for a FTSE 250 company and is not disproportionate to the wider workforce. In August 2022, the company changed its employee pension policy to reward long service rather than being based on rank/job title. As a consequence the existing pension contributions paid to executive directors are now more closely aligned with thepolicy applicable to the wider workforce.

A full version of the code is available on the official website of the Financial Reporting Council: frc.org.uk

Board leadership and Company purpose

The board of directors

The board comprises the following members:

- Tim Martin, chairman
- John Hutson, chief executive officer
- Ben Whitley, finance director
- Su Cacioppo, personnel and legal director
- James Ullman, personnel and retail auditor director
- Debra van Gene, non-executive director
- Sir Richard Beckett, non-executive director
- Harry Morley, non-executive director
- Ben Thorne, non-executive and senior independent director
- Deborah Whittingham, employee director
- Hudson Simmons, employee director

Will Fotheringham and Emma Gibson attend board meetings in their capacity as associate employee directors.

The board considers each of Debra van Gene, Sir Richard Beckett, Ben Thorne and Harry Morley to be independent.

Biographies of all non-executive and executive directors are provided on page 65 and can be viewed on the Company's website: jdwetherspoon.com

The chairman regularly meets the non-executive directors and evaluates the performance of the board, its committees and its individual directors.

The Company's purpose and how it establishes its values and culture through engagement with employees are disclosed on page 51.

Directors' conflicts of interest

The board expects the directors to declare any conflicts of interest and does not believe that any material conflicts of interest exist.

Relations with shareholders

The board takes measures to ensure that all board members are kept aware of both the views of major shareholders and changes in the major shareholdings of the Company. Efforts made to accomplish effective communication include:

- Annual general meeting, considered to be an important forum for shareholders to raise questions with the board
- Regular feedback from the Company's stockbrokers
- Interim, full and ongoing announcements circulated to shareholders
- Any significant changes in shareholder movement being notified to the board by the company secretary, when necessary
- The company secretary maintaining procedures and agreements for all announcements to the Stock Market
- A programme of regular meetings between investors and directors of the Company

Matters reserved for the board

The following matters are reserved for the board:

Board and management

- ☐ Structure and senior management responsibilities
- ☐ Nomination of directors
- ☐ Appointment and removal of chairman and company secretary

Strategic matters

- ☐ Strategic, financing or adoption of new business plans, in respect of any material aspect of the Company

Business control

- ☐ Agreement of code of ethics and business practice
- ☐ Internal audit
- ☐ Authority limits for heads of department

Operating budgets

- ☐ Approval of a budget for investments and capital projects
- ☐ Changes in major supply contracts

Finance

- ☐ Raising new capital and confirmation of major facilities
- ☐ The entry into asset-financing transactions
- ☐ Specific risk-management policies, including insurance, hedging and borrowing limits
- ☐ Final approval of annual and interim accounts and accounting policies
- ☐ Appointment of external auditors

Legal matters

- ☐ Institution of legal proceedings, where costs exceed certain values

Secretarial

- ☐ Call of all shareholders' meetings
- ☐ Delegation of board powers
- ☐ Disclosure of directors' interests

General

- ☐ Board framework of executive remuneration and costs

Culture and values

The board monitors the culture and the values of the Company in several ways:

- ☐ The appointment of employee directors to the board

- Meeting and talking with employees from our pubs during pub visits, regional meetings and at head office weekly meetings
- Attendance of area managers at the opening section of the board meetings to discuss issues relating to the operation of their pubs and the Company generally
- Reviewing the outcome of weekly discussion meetings of selected pub and area managers led by senior Company employees
- Reviewing whistleblowing reports and outcomes via the audit committee

Division of responsibilities

It is not advantageous, in a company like Wetherspoon, for there to be high barriers or exaggerated distinctions between the role of chairman and that of chief executive officer. However, some general distinctions are outlined overleaf.

Chairman's responsibility	Chief executive officer's responsibility
The chairman is responsible for the smooth running of the board and ensuring that all directors are fully informed of matters relevant to their roles	The chief executive officer is responsible for the smooth daily running of the business
Delegated responsibility of authority from the Company to exchange contracts for new pubs and to sign all contracts with suppliers	Developing and maintaining effective management controls, planning and performance measurements
Providing support, advice and feedback to the chief executive officer	Maintaining and developing an effective organisational structure
Supporting the Company's strategy and encouraging the chief executive officer with that strategy's development.	External and internal communications, in conjunction with the chairman, on any issues facing the Company
Chairing general meetings, board meetings, operational meetings and agreeing on board agendas and ensuring that adequate time is available for discussion of agenda items	Implementing and monitoring compliance with board policies
Management of the chief executive officer's contract, appraisal and remuneration, by way of making recommendations to the remuneration committee	Timely and accurate reporting of the above to the board
Providing support to executive directors and senior managers of the Company	Recruiting and managing senior managers in the business
Helping to provide the 'ethos' and 'vision' of the Company, after discussions and debates with employees of all levels, customers, shareholders and including organisations such as CAMRA	Developing and maintaining effective risk-management and regulatory controls
Helping to provide information on customers and employees' views by calling on pubs	Maintaining primary relationships with shareholders and investors
Helping to make directors aware of shareholders' concerns	Chairing the management board responsible for implementing the Company's strategy
Helping to ensure that a culture of openness and debate exists in the Company	
Ensuring compliance with the London Stock Exchange and legal and regulatory requirements, in consultation with the board and the Company's external advisers	

The board has several established committees as set out below. The board met eight times during the year ending 31 July 2022. Attendance of the directors,non-executives, employee and associate employee directors where appropriate, is shown below.

Number of meetings held in the year	Board 8	Audit 4	Remuneration 1	Nomination 2
Tim Martin	8	N/A	N/A	N/A
John Hutson	5	N/A	N/A	N/A
Su Cacioppo	8	4	N/A	N/A
Ben Whitley	8	4	N/A	N/A
Debra van Gene	7	4	1	2
Sir Richard Beckett	7	4	1	2
Harry Morley	8	4	1	2
Nigel Connor	8	4	N/A	N/A
Ben Thorne	8	4	1	1
James Ullman	2	4	N/A	N/A
Debbie Whittingham	7	N/A	N/A	N/A
Will Fotheringham	7	N/A	N/A	N/A
Hudson Simmons	6	N/A	N/A	N/A
Emma Gibson	7	N/A	N/A	N/A

Audit, risk and internal control

Audit committee
The committee's primary role is to assist the board in the provision of effective governance over the Company's financial reporting, risk management and internal control; in particular, it performs the following activities:

- Assumes direct responsibility for the appointment, compensation, resignation and dismissal of the external auditors, including review of the external audit, its cost and effectiveness
- Reviews the independence of the external auditors, including consideration of the level of non-audit work carried out by them
- Reviews the scope and nature of the work to be performed by the external auditors, before audit commences
- Reviews the half-year and annual financial statements
- Ensures compliance with accounting standards and monitors the integrity of the financial statements and formal announcements relating to the financial performance of the Company and supports the board in its responsibility to ensure that the annual financial statements are fair, balanced and understandable
- Reviews the internal audit plan, which is updated to reflect the changing needs of the business and the concerns of management and the audit committee
- Reviews and raises questions on all internal audit reports and requests management to adjust the prioritisation of mitigating actions, as needed. Areas reviewed this year included supply chain and distribution centre, pub closures, system security, IT, cyber-crime, changes in business environment, decline in like-for-like sales volume and escalating costs of labour
- Reviews, with the support of specialists as required, controls over access to the IT systems used around the business and agrees with management on the timing of any mitigating actions to be carried out
- Reviews and monitors procedures in relation to the Company's whistleblowing policy
- Reviews and questions the effectiveness of all risk-management and internal control systems
- Reviews the retail audit director's statement on internal controls on completed audits
- Considers the overall impact on the business of the matters arisen from the various reviews described above and any other matters which the auditors, internal or external, may bring to the attention of the committee
- Ensures that all matters, where appropriate, are raised and brought to the attention of the board

Significant financial reporting items
The accounting policies of the Company and the estimates and judgements made by management are assessed by the committee for their suitability. The following areas are those considered by the committee, to be the most significant:

- The provision for the impairment of fixed assets – several judgements are used in making this calculation, primarily on expected future sales and profits. The committee received reports and questioned management on the calculations made and the assumptions used
- Significant one-off items of expense or income are reported as exceptional on the face of the income statement. All exceptional items are reviewed by the committee
- The ongoing application of IFRS 16 – Lease to the Company's lease portfolio, including the accounting for lease modifications and the application of the COVID-19 related rent concession practical expedient along with the presentation and disclosure of leases.
- The committee reviewed the financial plans, modelled scenarios and assumptions made by the Company in support of the presentation of the financial statements on a going concern basis
- The committee reviewed and raised questions on the calculations made by the Company in relation to

the hedge accounting and effectiveness for interest-rate swaps

The committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures have been included in the accounts.

Non-audit services
During the year, the Company made no use of specialist teams from Grant Thornton UK LLP, relating to accounting or tax services. The fees paid to Grant Thornton UK LLP for non-audit services were £55,000 (2021: £33,000), relating to interim review procedures. The use of Grant Thornton UK LLP for non-audit work is monitored regularly, to achieve the necessary independence and objectivity of the auditors. Where the auditors provide non-audit services, their objectivity and independence are safeguarded by the use of different teams. See note 2 on page 15, for a breakdown of the auditor's remuneration for audit and non-audit services.

External auditors
The audit committee is responsible for making recommendations to appoint, reappoint or remove external auditors. Following a review by the audit committee, the board agreed to recommend the reappointment of Grant Thornton UK LLP as external auditors at the AGM in November 2022.

Audit-tendering and rotation
The audit committee keeps under review the regulatory requirements on audit-tendering and rotation.
The Company will be required to change its audit firm for the year ending 25 July 2038, at the latest. The audit was last tendered in 2018 – and Grant Thornton UK LLP has been in place as the Company's auditor for five years.

The disclosures provided within this report constitute the Company's statement of compliance with the requirement of the statutory audit services for large companies market investigation (Mandatory use of competitive tender processes and audit committee responsibilities) order 2014.

Effectiveness of external auditors
The audit committee assesses the ongoing effectiveness of the external auditors and audit process, on the basis of meetings and internal reviews with finance and other senior executives.

In reviewing the independence of the external auditors, the audit committee considers several factors. These include the standing, experience and tenure of the external auditors, the nature and level of services provided and confirmation from the external auditors that they have complied with relevant UK independence standards. The terms of reference of the audit committee are available on the Company's website.

Risk management
The board is responsible for the Company's risk-management process.

The internal audit department, in conjunction with feedback from senior management of the business functions, produces a risk register annually.

The identified risks are assessed, based on the likelihood of a risk occurring and the potential impact to the business, should the risk materialise.

The retail audit director determines and reviews the risk-assessment process and will communicate the timetable annually.

The risk register is presented to the audit committee and management board annually, with a schedule of audit work agreed on, on a rolling basis. The purpose of this work is to review, on behalf of the Company and the board, those key risks and the systems of control necessary to manage such risks.

Where recommendations are made for changes in systems or processes to reduce risk, internal audit will follow up regularly to ensure that the recommendations are implemented.

No significant failings of internal control were identified during these reviews.

A summary of the financial risks and treasury policies can be found on pages 52-53, together with other risks and uncertainties.

Emerging risks
The Company monitors emerging risks through the receipt of advice and feedback from head office and pub staff, customers, suppliers, and several external advisers and by maintaining an awareness of the wider economic, political and social environment.

Any potential risks identified will be discussed in the relevant internal meetings, where any potential impact on the business will be considered. Any significant risks identified will be added to the Company's risk register.

Internal control
During the year, the Company provided an internal audit and risk-management function. The creation of a system of internal control and risk mitigation is a key part of the Company's operations and culture. The board is responsible for maintaining a sound system of internal control and reviewing its effectiveness. The function can only manage, rather than entirely eliminate, the risk of failure to achieve business objectives. It can provide only reasonable, and not absolute, assurance against material misstatement or loss. Ongoing reviews, assessments and management of significant risks took place throughout the year under review and up to the date of the approval of the annual report.

The Company has an internal audit function which is discharged as follows:

Regular audits of the Company's stock

Unannounced visits to pub sites

Monitoring systems which control the Company's cash

Health and safety visits, ensuring compliance with Company procedures

Reviewing and assessing the impact of

legislative and regulatory change

- Risk-management process, identifying key risks facing the business

The Company has key controls, as follows:

- Authority limits and controls over cash-handling, purchasing commitments and capital expenditure
- A budgeting process, with a detailed 12-month operating plan and a mid-term financial plan, both approved by the board
- Business results reported weekly, with a report compared with budget and the previous year
- Forecasts prepared regularly throughout the year, for review by the board
- Complex treasury instruments are not used. The Company, from time to time, as stated in this report and accounts, enters into swap arrangements which fix interest rates at certain levels for a number of years and enters into supply arrangements with fixed prices for electricity and gas, for example, which run for between one and three years
- An annual review of the amount of external insurance which it obtains, bearing in mind the availability of such cover, its costs and the likelihood of the risks involved
- Regular evaluation of processes and controls, in relation to the Company's financial reporting requirements

The directors confirm that they have reviewed the effectiveness of the system of internal control.

Remuneration and nomination

Remuneration committee

The committee is responsible for determining the remuneration received by executive directors and senior managers. When setting levels of remuneration, the committee seeks to ensure that they are sufficient to attract and retain people with the necessary skills and experience. The committee seeks to ensure that remuneration is not excessive and is in line with amounts paid by comparable companies. In setting executive directors' remuneration, the committee takes into account wider workforce remuneration policies throughout the Company, with many elements extending throughout much of the Company at varying levels according to seniority and length of service.

The remuneration policy operated as intended during the year – no changes were made and normally no discretion is applied. However, during the current year, discretion was applied in respect of the deferred bonus percentage which was awarded to all participants.

The directors' report on remuneration is set out on pages 69–77.

Directors' remuneration is clearly presented in the accounts. The remuneration policy is clearly stated, with the calculation of performance measures explained. The remuneration policy does not rely overly on target-based incentives, with share awards normally given based on profits, earnings per share and owners' earnings growth, as well as some shares awarded without performance targets as part of a Companywide scheme. However, during the current year no such award was given based on such targets.

Awards made are predictable and within a range of values. The remuneration committee can apply discretion in the application of awards.

The terms of reference of the remuneration committee are available on the Company's website.

Nomination committee

The committee meets at least annually and:

- reviews the board structure, size, diversity (including gender), composition and successional needs, keeping under review the balance of membership between executive and non-executive and the required blend of skills, experience, knowledge and independence on the board.
- formally proposes any new executive or non-executive directors for the approval of the whole board, following a reasonable process for such an appointment. This includes a review of skill set, industry knowledge and experience to meet the strategic needs of the business.
- reviews the leadership and successional needs of the organisation, with a view to ensuring the long-term success of the Company.
- ensures that all directors offer themselves for annual re-election by shareholders.

No director is involved in any decision about his or her own reappointment. In carrying out these activities, the non-executive directors follow the guidelines of the Chartered Governance Institute and comply with the code.

The terms of reference of the nomination committee are available on the Company's website.

In December 2021, the Company appointed two employee directors to the full board of the Company and two associate employee directors who attend board meetings. On 4 May 2022, the Company announced the retirement of Su Cacioppo and the appointment of James Ullman to the board. Sir Richard Beckett will retire as a non-executive director after the Company's AGM on 17 November 2022 at which he will not seek re-election. No other board changes have been made.

Employment policies

Staff are encouraged to make a commitment to the Company's success and to progress to more senior roles as they develop.

In selecting, training and promoting staff, the Company has to take account of the physically demanding nature of much of its work. The Company is committed to equality of opportunity and to the elimination of discrimination in employment.

The Company aims to create and maintain a working environment, terms and conditions of employment and personnel and management practices which ensure that no individual receives less favourable treatment on the grounds of his or her race, religion or belief, nationality, ethnic origin, age, disability, gender (including gender reassignment), sexual orientation, part-time status or marital status.

Employees who become disabled will be retained, where possible, and retrained, where necessary.

The Company has established a range of policies, covering issues such as diversity, employees' well-being and equal opportunities, aimed at ensuring that all employees are treated fairly and consistently.

The Company has also established the following network groups to foster discussion and generate ideas about these issues:
LGBTQIA+
Women
Race and ethnic diversity

Internal communications seek to ensure that staff are well informed about the Company's progress, through the use of regular digital newsletters, and staff liaison meetings, at which employees' views are discussed and taken into account.

All pub staff participate in bonus schemes related to sales, profits, stocks and service standards.

Approved by order of the board

Nigel Connor
Company Secretary
6 October 2022

INFORMATION FOR SHAREHOLDERS

Ordinary shareholdings at 31 July 2022

Shares of 2p each	Number of shareholders	% of total shareholders	Number	% of total shares held
Up to 2,500	3,626	88.1	1,557,514	1.2
2,501–10,000	235	5.7	1,137,221	0.9
10,001–250,000	195	4.8	11,538,554	9.0
250,001–500,000	23	0.5	8,301,695	6.4
500,001–1,000,000	12	0.3	8,309,785	6.5
Over 1,000,000	24	0.6	97,905,386	76.0
	4,115	100.0	128,750,155	100.0

Source: Computershare Investor Services plc

Substantial shareholdings
The Company has been notified of the following substantial holdings in its share capital at 31 July 2022:

	Number of ordinary shares	% of share capital
Tim Martin	28,174,709	21.9
Columbia Threadneedle Investments	13,824,766	10.7
FIL Investment International	7,071,516	5.5
MFS Investment Management	6,498,779	5.1
J D Wetherspoon plc Company Share Plan*	4,416,005	3.4
Artemis Investment Management	4,397,259	3.4
Hargreaves Lansdown Asset Management	3,797,892	3.0
Fidelity Investments	3,765,322	2.9

Source: Investec Bank plc. This schedule shows the consolidated shareholdings of individuals and companies, whereas the first table shows shareholdings by individual holding.

*This represents shares which have been purchased by the Company for the benefit of employees under the SIP. Please see pages 70–71. This includes vested shares held by employees.

Share prices

25 July 2021	1,124p
Low	516p
High	1,180p
31 July 2022	557p

Shareholders' enquiries

If you have a query about your shareholding, please contact the Company's registrars directly:
Computershare Investor Services plc: uk.computershare.com/investor
0370 707 1091

Annual report

Paper copies of this annual report are available from the company secretary, at the registered office.

E-mail: investorqueries@jdwetherspoon.co.uk

This annual report is available on the Company's website: jdwetherspoon.com/investors-home

PUBS OPENED DURING THE FINANCIAL YEAR

Name	Address	Town/City	Postcode	Country
Keavan's Port	1-5 Camden Street Upper	Dublin	D02 TC61	Ireland
The South Strand	1 Hanover Quay	Dublin	D02 E295	Ireland
The Scarsdale Hundred	2 Sevenairs Road	Sheffield	S20 1NZ	England
The Navigation Inn	1 Wharf Road	Birmingham	B30 3LS	England
An Geata Arundel	9 Arundel Square	Waterford	X91 RD35	Ireland
The Raymond Mays	44–48 North Street	Bourne	PE10 9AB	England
The Prense Well	5 The Mount	Heswall	CH60 4RE	England

PUBS CLOSED DURING THE FINANCIAL YEAR

Name	Address	Town/City	Postcode	Country
St Georges Hall	203 Church Road	Bristol	BS5 9HL	England
The Vulcan	181 Main Street	Coatbridge	ML5 3HH	Scotland
The Running Horses (Lloyds)	Water Street/ Chalon Way	St Helens	WA10 1PY	England
The Pear Tree	25–27 Alcester Road South	Birmingham	B14 7JQ	England
The Drum	557–559 Lea Bridge Road	Leyton	E10 7EQ	England
The Three Tun Tavern	1–5 Temple Road, Carysford Avenue	Dublin	A94 Y5F1	Ireland
The Milan Bar	14–32 High Street	Croydon	CR0 1YA	England
The Oyster Rooms	Unit 3, Fulham Broadway Centre	Fulham	SW6 1AA	England
The Looking Glass	41–43 Buttermarket Street	Warrington	WA1 2LY	England
The London Bar	South Terminal, Airside, Gatwick Airport	Crawley	RH6 0NN	England
The Skylark	34–36 South End	Croydon	CR0 1DP	England
The Robert Peel	5–10 Market Place	Bury	BL9 0LD	England
The Christopher Creeke	2 Holdenhurst Road	Bournemouth	BH8 8AD	England
The Bell Hotel	40 Market Square	Aylesbury	HP20 1TX	England
The Windlesora	17 William Street	Windsor	SL4 1BB	England

COMPANY INFORMATION

Registered office
Wetherspoon House

Central Park
Reeds Crescent
Watford
WD24 4QL

Company number
1709784

Registrars
Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 6ZY

Independent auditors
Grant Thornton UK LLP
Chartered Accountants and
Statutory Auditors
30 Finsbury Square
London
EC2A 1AG

Solicitors
Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Bankers
Allied Irish Banks
Banco de Sabadell S.A London Branch
Barclays Bank plc
BNP Paribas
Clydesdale Bank plc
Co Operative Rabbobank U.A
Crédit Industriel et Commercial.
Handelsbanken Bank
HSBC Bank plc
Mediobanca S.p.A
MUFG Bank Ltd
National Westminster Bank plc
Santander UK plc
The Governor and Company of the Bank of Ireland

Financial advisers
Investec Bank plc
Rushe Advisors

Stockbrokers
Investec Bank plc

GLOSSARY

- **AGM** = "annual general meeting". Annual assembly of a company's stakeholders.
- **APM** = "alternative performance measure" Financial measure of historical/future financial performance, other than a financial measure defined or specified in the applicable financial reporting framework.
- **CAMRA** = "Campaign for Real Ale". Organisation which promotes real ales, ciders and perries as well as traditional UK pubs and clubs.
- **CEO** = "chief executive officer". Individual responsible for making managerial decisions in the company to which he or she is contracted to.
- **CJRS** = "Coronavirus job retention scheme". Initiative introduced by the UK Government allowing employers to access financial support to pay part of their employees' wages.
- **CLBILS** = "Coronavirus large business interruption loan scheme". Financial support created by the UK Government during the COVID-19 pandemic.
- **EBITDA** = "earnings before interest, taxes, depreciation and amortisation". An alternative performance measure (APM).
- **ESG** = "environmental, social and governance". Set of standards measuring a business's impact on society.
- **FRC** = "Financial Reporting Council". Independent regulator in the UK and Ireland responsible for regulating auditors, accountants and actuaries. It also sets the UK corporate governance and stewardship codes.
- **FTSE** = "Financial Times Stock Exchange". Index tracking the largest companies trading on the London Stock Exchange (by market capitalization).
- **FY** = "financial year". For Wetherspoon, the year being reported is 26 July 2021 - 31 July 2022.
- **GHG** = "greenhouse gas". A gas which absorbs and emits the radiant energy which causes the greenhouse effect. (Trapping heat in the atmosphere, therefore warming up the planet).
- **HMRC** = 'Her Majesty's Revenue and Customs'. Non-ministerial UK Government department responsible for collecting taxes and paying some forms of state support.
- **IAS** = 'international accounting standard'. Older accounting standard issued by the International Accounting Standards Board. IASs were replaced in 2001 by IFRSs.
- **IASB** = 'International Accounting Standards Board'. Private-sector body developing and approving the international financial reporting standards (IFRSs).
- **IBOR** = 'inter-bank offered rate'. Basic rate of interest used in lending among banks on the financial market and as a reference in setting interest rates on other loans.
- **IBR** = 'incremental borrowing rate'. Rate of interest which a lessee would have to pay to borrow the funds necessary to obtain an asset.
- **IFRIC** = 'international financial reporting standards interpretations committee'. Body which reviews accounting issues, on a timely basis, which have arisen within the context of current international reporting standards.
- **IFRS** = 'international financial reporting standards'. Accounting standards issued by the International Accounting Standards Board.
- **ISA** = 'international standards on auditing'. Regulatory standards to be followed when auditing financial information, issued by the International Auditing and Assurance Standards Board.
- **KPI** = 'key performance indicators'. Measures which companies use to evaluate a company's success in a particular activity in which it engages.
- **LGBTQIA+** = 'lesbian, gay, bisexual, transgender, queer/questioning, intersex, asexual, pansexual and allies'. An inclusive term for people of various genders and sexualities.
- **LIBOR** = 'London inter-bank offered rate'. Basic rate of interest used in lending among banks on the financial market.
- **LLP** = 'limited liability partnership'. Type of ownership in which some or all partners have limited liabilities.
- **NIC** = 'national insurance contributions'. Type of income tax paid by both employees and employers.
- **PAYE** = 'pay-as-you-earn tax'. Type of income tax paid by an employer on behalf of an employee, after being deducted from the employee's salary.
- **RNS** = 'Regulatory News Service'. Service which transmits regulatory and non-regulatory information published by companies and organisations (eg Share Award) to the local market.
- **SAP** = Accounting software used by Wetherspoon.
- **SIPs** = 'share incentive plan'. An approved, tax-efficient plan which employers can provide to employees to award their workforce in shares.
- **SONIA** = 'sterling overnight interbank average rate'. Interest rate paid by banks on unsecured transactions in the UK market – an alternative measure to LIBOR.
- **UK GAAP** = 'UK generally accepted accounting practice'. Body of accounting standards published by the UK's Financial Reporting Council.
- **VAT** = 'value-added tax'. Form of tax paid to HMRC on a product/service at each stage of production, distribution and sale to the end customer.
- **WACC** = 'weighted average cost of capital'. Rate which a company is expected to pay, on average, to all of its security holders to finance its assets.

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