J D Wetherspoon plc

ANNUAL REPORT AND FINANCIAL STATEMENTS 2023

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 40th year since incorporation in 1983. The table below outlines some key aspects of our performance during that period.

Summary accounts for the years 1984-2023

Financial year	Total number of pubs (sites)	Total sales £000	Profit/(loss) before tax and separately disclosed items £000	Earnings per share before separately disclosed items pence[3]	Free cash flow £000	Free cash flow per share pence[2,3]
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[3]	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
2023[3]	826	1,925,044	42,559	26.4	271,095	211.4

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. EPS and free cash flow per share are calculated using dilutive shares in issue.
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 46. The free cash flow calculation can be found on the cash flow statement.

Comparison to Pre-Pandemic Period (FY19)

The sales recovery, following the pandemic, continued in FY23.

Like-for-like sales for the financial year increased by 7.4% (FY22: -4.7%), compared to FY19. Bar sales increased by 2.1%, food sales by 13.7%, slot/fruit machine sales by 43.0% and hotel sales by 15.4%.

Like-for-like sales, compared to FY19, have continued to improve in the first 9 weeks of the current financial year (FY24) and are 17.3% ahead of the equivalent 9-week period.

The comparisons in the remainder of this statement are with the previous financial year, which ended on 31 July 2022.

Cash flow

Free cash flow, including pre-tax proceeds of approximately £169 million from the sale of the majority of the company's interest rate swaps, was £271.1 million (2022: £21.9 million).

Excluding the proceeds from the swaps, free cash flow was approximately £102 million.

Free cash flow was calculated after capital payments of £47.0 million for existing pubs (2022: £45.9 million), £12.3 million for share purchases for employees (2022: £12.8 million) and payments of tax and interest.

Balance sheet

Wetherspoon's balance sheet is significantly stronger than it was in the period before the pandemic.

Debt levels, excluding IFRS-16 lease debt, have decreased by £163 million since January 2020, just before the first lockdown, to £641.9 million.

This reduction has been achieved after investments in freehold reversions (pubs where Wetherspoon was previously the tenant) of £81.7 million and £108.5 million in new pubs.

During the pandemic, the company raised a total of £229 million of new equity.

On an IFRS-16 basis, which includes notional debt from leases, debt decreased from £1.45 billion to £1.06 billion between January 2020 and the end of FY23.

Trading summary

Total sales for FY23 were £1,925 million, an increase of 10.6%, compared to the 53 weeks ended 31 July 2022.

Like-for-like sales, compared to FY22, increased by 12.7%. Like-for-like bar sales increased by 9.0%, food sales by 17.7%, slot/fruit machine sales by 26.4% and hotel rooms by 11.8%.

The operating profit, before separately disclosed items, was £107.1 million (2022: £25.7 million). The operating margin, before separately disclosed items, was 5.6% (2022: 1.5%).

The profit before tax and separately disclosed items was £42.6 million (2022: £30.4 million loss), including property gains of £2.2 million (2022: £2.1 million).

In the year, the company sold 13 pubs, terminated the leases of 14 pubs, and closed 4 pubs. This gave rise to a cash inflow of £7.0 million after associated fees. There was a loss on disposal of £9.4 million, recognised in the income statement, relating to these pubs.

Earnings per share before separately disclosed items, were 27.0p (2022: losses per share of 19.6p).

Total capital investment was £78.5 million (2022: £122.7 million). £20.4 million was invested in new pubs and pub extensions (2022: £51.1 million), £47.0 million in existing pubs and IT (2022: £45.9 million) and £11.2 million in freehold reversions of properties where Wetherspoon was the tenant (2022: £25.8 million).

Separately disclosed items

Overall, there was a pre-tax 'separately disclosed gain' of £48.0 million (2022: £56.7 million).

There was a £97.7 million gain related to the fair value movement of interest rate swaps; a £9.4 million charge relating to the disposal of pubs; and a £38.3 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.

Although there have been a number of impairments over the years in respect of individual properties, the book value of the company's assets is £1.38 billion, which is approximately eight times the company's EBITDA of £170 million. There are many pubs in the estate where expected future cash flows would result in a valuation which is considerably in excess of book value. However, accounting rules do not take account of these potential valuations. This historical cost accounting approach can also create anomalies in pub valuations.

For example, one pub in South London has made an estimated return on equity, since opening over 20 years ago, after all costs including interest and tax, of £4.4 million; yet its valuation has been impaired due to low profitability in the aftermath of the pandemic.

Dividends and return of capital

The board has not recommended the payment of a final dividend (2022: £0). There have been no share buybacks in the financial year to date (2022: £0).

Financing

As at 30 July 2023, the company's total net debt, excluding derivatives and lease liabilities, was £641.9 million (2022: £891.7 million), a decrease of £249.8 million.

In November 2022, the company repaid government "CLBILS" loans of £100 million, which had been due to mature in August 2023. The company has total available finance facilities of £983 million.

The company has interest rate swaps in place in respect of £200 million, from August 2023 to February 2025. The swap rate currently being paid, excluding the banks' margin, is 5.67%. The total cost of the company's debt, in the year under review, including the banks' margin was 6.25%.

Property

The company opened three pubs during the year and sold, closed or terminated the leases of 31 pubs. The company had a trading estate of 826 pubs at the financial year end.

In the last 12 years, the company has increased the ratio of freehold pubs it owns from 43% to 70%, as a result of investment in freehold reversions and opening freehold pubs.

As indicated above, at 30 July 2023, the net book value of the property, plant and equipment of the company was £1.38 billion.

The properties have not been revalued since 1999.

Taxation

The total tax charge is £8.7 million in respect of profits before separately disclosed items (2022: £5.6 million credit).

The total tax charge comprises two parts. The first part is the actual current tax (the 'cash' tax) which this year is nil (2022: nil) because of losses carried forward from prior years.

The second part is deferred tax (the 'accounting' tax), which is tax payable in future periods, that must be recognised in the current period for accounting purposes. The accounting tax charge in the year is £8.7 million (2022: £5.6 million credit).

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.

Business rates transmogrified to a sales tax

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 tenant's trade – has been undermined.

Similar issues are evident in Galashiels, Arbroath, Anniesland – and, indeed, at 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's 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's 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
PizzaExpress	£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**

In summary, as a result of the approach taken in Scotland, business rates for pubs are de facto a sales tax, rather than a property tax, as the above examples clearly demonstrate.

VAT equality

As we have previously stated, the government would generate more revenue and jobs if it were to create tax equality among supermarkets, pubs and restaurants.

Supermarkets pay virtually no VAT in respect of food sales, whereas pubs pay 20%. This has enabled supermarkets to subsidise the price of alcoholic drinks, widening the price gap, to the detriment of pubs and restaurants. Pubs also pay around 20 pence a pint in business rates, whereas supermarkets pay only about 2 pence, creating further inequality.

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

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

As a result, in these less affluent areas, there are often fewer pubs, coffee shops and restaurants, with less employment and increased high-street dereliction. Tax equality would also be in line with the principle of fairness – 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.

In the financial year ended 30 July 2023, the company generated taxes of £760.2 million.

The table below shows the £6.0 billion of tax revenue generated by the company, its staff and customers in the last 10 years. Each pub, on average, generated £6.8 million in tax during that period. The tax generated by the company, during this 10-year period, equates to approximately 25 times the company's profits after tax.

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	TOTAL 2014 to 2023 £m
VAT	372.3	287.7	93.8	244.3	357.9	332.8	323.4	311.7	294.4	275.1	**2,893.4**
Alcohol duty	166.1	158.6	70.6	124.2	174.4	175.9	167.2	164.4	161.4	157	**1,519.8**
PAYE and NIC	124.0	141.9	101.5	106.6	121.4	109.2	96.2	95.1	84.8	78.4	**1,059.1**
Business rates	49.9	50.3	1.5	39.5	57.3	55.6	53	50.2	48.7	44.9	**450.9**
Corporation tax	12.2	1.5	-	21.5	19.9	26.1	20.7	19.9	15.3	18.4	**155.5**
Corporation tax credit (historic capital allowances)	-	-	-	-	-	-	-	-	-2	-	**-2.0**
Fruit/slot machine duty	15.7	12.8	4.3	9	11.6	10.5	10.5	11	11.2	11.3	**107.9**
Climate change levies	11.1	9.7	7.9	10	9.6	9.2	9.7	8.7	6.4	6.3	**88.6**
Stamp duty	0.9	2.7	1.8	4.9	3.7	1.2	5.1	2.6	1.8	2.1	**26.8**
Sugar tax	3.1	2.7	1.3	2	2.9	0.8	-	-	-	-	**12.8**
Fuel duty	1.9	1.9	1.1	1.7	2.2	2.1	2.1	2.1	2.9	2.1	**20.1**
Apprenticeship levy	2.5	2.2	1.9	1.2	1.3	1.7	0.6	-	-	-	**11.4**
Carbon tax	-	-	-	-	1.9	3	3.4	3.6	3.7	2.7	**18.3**
Premise licence and TV licences	0.5	0.5	0.5	1.1	0.8	0.7	0.8	0.8	1.6	0.7	**8.0**
Landfill tax	-	-	-	-	-	1.7	2.5	2.2	2.2	1.5	**10.1**
Furlough tax	-	-4.4	-213	-124.1	-	-	-	-	-	-	**-341.5**
Eat Out to Help Out		-	-23.2	-	-	-	-	-	-	-	**-23.2**
Local government grants	-	-1.4	-11.1	-	-	-	-	-	-	-	**-12.5**
TOTAL TAX	**760.2**	**666.7**	**38.9**	**441.9**	**764.9**	**730.5**	**695.2**	**672.3**	**632.4**	**600.5**	**6,003.5**
TAX PER PUB (£m)	**0.92**	**0.78**	**0.05**	**0.51**	**0.87**	**0.83**	**0.78**	**0.71**	**0.67**	**0.66**	**6.78**
TAX AS % OF NET SALES	**39.5%**	**38.3%**	**5.0%**	**35.0%**	**42.1%**	**43.1%**	**41.9%**	**42.1%**	**41.8%**	**42.6%**	**39.0.%**
PROFIT/(LOSS) AFTER TAX	**33.8**	**-24.9**	**-146.5**	**-38.5**	**79.6**	**83.6**	**76.9**	**56.9**	**57.5**	**58.9**	**237.3**

Note – this table is prepared on a cash basis. IFRS-16 from FY20 onwards.

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 2008-10 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.
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 £36.0 million in respect of bonuses and free shares to employees in the period ended 31 July 2023, of which 98.6% was paid to staff below board level and 83.4% 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 £22.2 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 £m	Profit/(loss) after tax[1] £m	Bonus and free shares as % of profits
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)	-
2023	36	34	106%
Total	**503**	**591**	**53%[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. Before 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 are 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 (Years)	Average kitchen manager length of service (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
2023	14.3	10.6

Food hygiene ratings

Wetherspoon has always emphasised the importance of hygiene standards..

We now have 753 pubs rated on the Food Standards Agency's website (see table below). The average score is 4.99, with 99.2% 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
2023	753	4.99	99.2

Property litigation

In 2013, Wetherspoon agreed an out-of-court settlement of approximately £1.25 million with developer Anthony Lyons, formerly of property leisure agent Davis Coffer Lyons, relating to claims 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 in respect of properties in Leytonstone (which currently trades as the Walnut Tree), Newbury (which was leased to Café Rouge) and Portsmouth (which currently trades as The Isambard Kingdom Brunel).

Of these three properties, only Portsmouth was pleaded by Wetherspoon in its case 2008/9 case against Van de Berg. Mr Lyons denied the claim and the litigation was contested.

In the Van de Berg litigation, Mr Justice Peter Smith ruled that Van de Berg, but not Mr Lyons (who was not a party to the case), fraudulently diverted the freehold of Portsmouth from Wetherspoon to Moorstown Properties Limited, a company owned by Simon Conway, which leased the property to Wetherspoon.

As part of a series of cases, Wetherspoon also agreed out-of-court settlements with:

1) Paul Ferrari of London estate agent Ferrari Dewe & Co, in respect of properties referred to as the 'Ferrari Five' by Mr Justice Peter Smith in the Van de Berg case, and

2) Property investor Jason Harris, formerly of First London and now of First Urban Group who paid £400,000 to to Wetherspoon to settle a claim in which it was alleged that Harris was an accessory to frauds committed by Van de Berg. Harris contested the claim and did not admit liability.

Messrs Ferrari and Harris both contested the claims and did not admit liability.

Press corrections

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

In order to try to set the record straight, a special edition of Wetherspoon News was published, which includes details of the resulting apologies and corrections. It 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 retired from the Wetherspoon board on the 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 also retired from the board at last 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 which 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 antisocial activity.

Wetherspoon pubs are members of 538 schemes country wide.

The company also helps to fund National Pubwatch, founded in 1997 by just two licensees and a police office. This is the umbrella organisation which helps to set up, co-ordinate and support local schemes.

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

Conversely, we have found, in several 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 antisocial behaviour.

In our view, Pubwatch is integral to making towns and cities a safe environment for everyone.

Current trading and outlook

Wetherspoon continues to perform well. In the first 9 weeks of the current financial year, to 1 October 2023, like-for-like sales increased by 9.9%, compared to the 9 weeks to 2 October 2022.

As we said last year, perhaps the biggest threat to the hospitality industry is the possibility of further lockdowns and restrictions.

Those interested in the UK Government's 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 54-56 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 prepandemic 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 company currently anticipates a reasonable outcome for the financial year, subject to our future sales performance.

Tim Martin
Chairman
6 October 2023

INCOME STATEMENT for the 52 weeks ended 30 July 2023

J D Wetherspoon plc, company number: 1709784

	Notes	52 weeks *ended* 30 July 2023 Before separately disclosed items £000	52 weeks *ended* 30 July 2023 separately disclosed items £000	52 weeks *ended* 30 July 2023 After separately disclosed items £000	53 weeks *ended* 31 July 2022 Before separately disclosed items £000	53 weeks *ended* 31 July 2022 separately disclosed items £000	53 weeks *ended* 31 July 2022 After separately disclosed items £000
Revenue	1	**1,925,044**	**-**	**1,925,044**	1,740,477	-	1,740,477
Other operating (costs)/income		**-**	**(1,022)**	**(1,022)**	-	29,384	29,384
Operating costs		**(1,817,982)**	**-**	**(1,817,982)**	(1,714,757)	-	(1,714,757)
Operating profit/(loss)		**107,062**	**(1,022)**	**106,040**	25,720	29,384	55,104
Property gains/(losses)	3	**2,231**	**(47,712)**	**(45,481)**	2,142	(24,526)	(22,384)
Finance income	6	**1,351**	**97,724**	**99,075**	531	52,859	53,390
Finance costs	6	**(68,085)**	**(1,038)**	**(69,123)**	(58,841)	(1,000)	(59,841)
Profit/(loss) before tax		**42,559**	**47,952**	**90,511**	(30,448)	56,717	26,269
Income tax (charge)/credit	7	**(8,734)**	**(22,190)**	**(30,924)**	5,560	(12,562)	(7,002)
Profit/(loss) for the period		**33,825**	**25,762**	**59,587**	(24,888)	44,155	19,267
Profit/(loss) per ordinary share (p)							
- Basic	8	**27.0**	**20.5**	**47.5**	(19.6)	34.8	15.2
- Diluted[1]	8	**26.4**	**20.1**	**46.5**	(19.6)	34.6	15.0

[1] Restated, see note 8.

STATEMEMENT OF COMPREHENSIVE INCOME for the 52 weeks ended 30 July 2023

	Notes	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Items which will be reclassified subsequently to profit or loss:			
Interest-rate swaps: gain taken to other comprehensive income	22	**37,529**	48,452
Interest-rate swaps: loss reclassification to the income statement	22	**(13,310)**	(4,332)
Tax on items taken directly to other comprehensive income	7	**(6,055)**	(11,051)
Currency translation differences		**1,633**	(1,474)
Net gain recognised directly in other comprehensive income		**19,797**	31,595
Profit for the period		**59,587**	19,267
Total comprehensive profit for the period		**79,384**	50,862

CASH FLOW STATEMENT for the 52 weeks ended 30 July 2023

J D Wetherspoon plc, company number: 1709784

	Notes	52 weeks ended 30 July 2023 £000	free cash flow[1] 52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000	free cash flow 53 weeks ended 31 July 2022 £000
Cash flows from operating activities					
Cash generated from operations	9	**270,686**	**270,686**	178,510	178,510
Interest received	6	**1,011**	**1,011**	97	97
Interest paid	6	**(50,545)**	**(50,545)**	(41,044)	(41,044)
Cash proceeds on termination of interest-rate swaps		**169,413**	**169,413**	–	–
Corporation tax paid		**(12,200)**	**(12,200)**	(715)	(715)
Lease interest	23	**(15,954)**	**(15,954)**	(17,501)	(17,501)
Net cash flow from operating activities		**362,411**	**362,411**	119,347	119,347
Cash flows from investing activities					
Reinvestment in pubs		**(41,646)**	**(41,646)**	(42,777)	(42,777)
Reinvestment in business and IT projects		**(5,315)**	**(5,315)**	(3,113)	(3,113)
Investment in new pubs and pub extensions		**(20,361)**	–	(51,083)	–
Freehold reversions and investment properties		**(11,202)**	–	(25,773)	–
Proceeds of sale of property, plant and equipment		**11,349**	–	10,547	–
Net cash flow from investing activities		**(67,175)**	**(46,961)**	(112,199)	(45,890)
Cash flows from financing activities					
Purchase of own shares for share-based payments		**(12,332)**	**(12,332)**	(12,808)	(12,808)
Loan issue cost		–	–	(192)	(192)
Advances/(repayments) under bank loans		**(200,033)**	–	50,000	–
Other loan receivables		**889**	–	(3,542)	–
Lease principal payments	23	**(32,023)**	**(32,023)**	(38,535)	(38,535)
Asset-financing principal payments		**(4,911)**	–	(7,132)	–
Net cash flow from financing activities		**(248,410)**	**(44,355)**	(12,209)	(51,535)
Net change in cash and cash equivalents		**46,826**		(5,061)	
Opening cash and cash equivalents	18	**40,347**		45,408	
Closing cash and cash equivalents	18	**87,173**		40,347	
Free cash flow[1]			**271,095**		21,922

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

BALANCE SHEET as at 30 July 2023

J D Wetherspoon plc, company number: 1709784	Notes	30 July 2023 £000	31 July 2022 £000
Assets			
Non-current assets			
Property, plant and equipment	13	**1,377,816**	1,426,862
Intangible assets	12	**6,505**	5,409
Investment property	14	**18,740**	23,364
Right-of-use assets	23	**387,353**	419,416
Other loan receivable	16	**1,986**	2,739
Derivative financial instruments	22	**11,944**	61,367
Lease assets	23	**8,450**	9,264
Total non-current assets		**1,812,794**	1,948,421
Current assets			
Lease assets	23	**1,361**	2,001
Assets held for sale	17	**400**	800
Inventories	15	**34,558**	26,402
Receivables	16	**27,267**	29,400
Current income tax receivables		**8,351**	2,000
Cash and cash equivalents	18	**87,173**	40,347
Total current assets		**159,110**	100,950
Total assets		**1,971,904**	2,049,371
Current liabilities			
Borrowings	20	**(4,200)**	(5,137)
Derivative financial instruments	22	**(78)**	–
Trade and other payables	19	**(329,098)**	(282,481)
Provisions	21	**(2,395)**	(2,661)
Lease liabilities	23	**(51,486)**	(48,471)
Total current liabilities		**(387,257)**	(338,750)
Non-current liabilities			
Borrowings	20	**(727,643)**	(930,404)
Derivative financial instruments	22	**–**	(2,031)
Deferred tax liabilities	7	**(65,752)**	(34,718)
Lease liabilities	23	**(391,794)**	(421,583)
Total non-current liabilities		**(1,185,189)**	(1,388,736)
Total liabilities		**(1,572,446)**	(1,727,486)
Net assets		**399,458**	321,885
Shareholders' equity			
Share capital	27	**2,575**	2,575
Share premium account		**143,170**	143,294
Capital redemption reserve		**2,337**	2,337
Other reserves		**234,579**	234,579
Hedging reserve	22	**31,781**	13,617
Currency translation reserve		**2,148**	(144)
Retained earnings		**(17,132)**	(74,373)
Total shareholders' equity		**399,458**	321,885

The financial statements on pages 9-40, approved by the board of directors and authorised for issue on 6 October 2023, are signed on its behalf by:

John Hutson
Director

Ben Whitley
Director

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserves £000	Hedging reserve £000	Currency translation reserve £000	Retained earnings £000	**Total £000**
As 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
Loss 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**
Total comprehensive income		-	-	-	-	18,164	2,292	58,928	79,384
Profit for the period		-	-	-	-		-	59,587	59,587
Interest-rate swaps: cash flow hedges	22	-	-	-	-	37,529	-	-	37,529
Interest-rate swaps: amount reclassified to the income statement	22	-	-	-	-	(13,310)	-	-	(13,310)
Tax on items taken directly to comprehensive income	7	-	-	-	-	(6,055)	-	-	(6,055)
Currency translation differences		-	-	-	-	-	2,292	(659)	1,633
Share capital expenses		-	(124)	-	-	-	-	-	(124)
Share-based payment charges		-	-	-	-	-	-	10,545	10,545
Tax on share-based payment		-	-	-	-	-	-	100	100
Purchase of own shares for share-based payments		-	-	-	-	-	-	(12,332)	(12,332)
At 30 July 2023		**2,575**	**143,170**	**2,337**	**234,579**	**31,781**	**2,148**	**(17,132)**	**399,458**

The share premium account represents those proceeds received in excess of the nominal value of new shares issued. £124,000 has been recognised during the year (2022: nil) in relation to the issue of shares in previous periods.

The capital redemption reserve represents the nominal amount of share capital repurchased and cancelled in previous periods.

Other reserves contain net proceeds received for share placements which took place in previous periods. The other reserve as used as this is determined to be distributable for the purposes of the Companies Act 2006.

See note 22 for details on the hedging reserve.

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 30 July 2023, the company had distributable reserves of £251.4 million (2022: £173.7 million).

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Bar	1,093,368	1,024,677
Food	742,067	639,683
Slot/fruit machines	62,579	51,639
Hotel	24,939	22,848
Other	2,091	1,630
	1,925,044	1,740,477

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

This is stated after charging/(crediting):	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Variable concession rental payments (note 23)	16,980	8,799
Short-term leases (note 23)	504	10
Cancelled principal payments (note 23)	-	(4,726)
Repairs and maintenance	94,011	101,520
Net rent receivable (note 23)	(2,506)	(2,001)
Share-based payments (note 5)	10,546	5,874
Depreciation of property, plant and equipment (note 13)	70,173	71,227
Amortisation of intangible assets (note 12)	1,827	3,240
Depreciation of investment properties (note 14)	185	87
Amortisation of right-of-use assets (note 23)	37,556	42,291

Analysis of continuing operations	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Revenue	1,925,044	1,740,477
Cost of sales[1]	(1,765,970)	(1,640,202)
Gross profit	159,074	100,275
Administration costs	(53,034)	(45,171)
Operating profit/(loss) after separately disclosed items	106,040	55,104

[1]Included in cost of sales is £654.3 million (2022: £599.8 million) relating to cost of inventory recognised as expense.

Auditor's remuneration	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Fees payable for the audit of the financial statements		
- Audit fees	560	415
- Additional audit work (for previous year audit)	50	85
Fees payable for other services		
- Audit related services (interim audit procedures)	82	55
Total auditor's fee	692	555

3. Property losses and gains

	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 separately disclosed items (note 4) £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 separately disclosed items (note 4) £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Disposals						
Fixed assets	–	8,136	8,136	3,492	(16)	3,476
Leases	–	(1,404)	(1,404)	(7,368)	–	(7,368)
Additional costs of disposal	42	2,693	2,735	1,857	112	1,969
	42	9,425	9,467	(2,019)	96	(1,923)
Impairments						
Property, plant and equipment (note 13)	–	35,966	35,966	–	22,871	22,871
Reversal of property, plant and equipment (note 13)	–	(5,430)	(5,430)	–	(3,420)	(3,420)
Investment properties (note 14)	–	4,448	4,448	–	1,015	1,015
Intangible assets Impairment reversal	–	(74)	(74)	–	–	–
Right-of-use assets (note 23)	–	3,377	3,377	–	3,964	3,964
	–	38,287	38,287	–	24,430	24,430
Other						
Other property gains	(1,409)	–	(1,409)	(123)	–	(123)
Leases	(864)	–	(864)	–	–	–
	(2,273)	–	(2,273)	(123)	–	(123)
Total property losses/(gains)	(2,231)	47,712	45,481	(2,142)	24,526	22,384

4. Separately disclosed items

	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Operating items		
Rank settlement	–	(27,771)
Local government support grants	(54)	(1,443)
Duty drawback	–	(170)
Operating income	**(54)**	(29,384)
Other	1,076	–
Operating costs	**1,076**	–
Total operating (profit)/loss	**1,022**	(29,384)
Property losses		
Loss on disposal of pubs	9,425	96
	9,425	96
Other property losses		
Impairment of assets under construction	–	2,215
Impairment of intangible assets	(74)	–
Impairment of property, plant and equipment	35,966	19,904
Reversal of property, plant and equipment impairment	(5,430)	(2,668)
Impairment of investment properties	4,448	1,015
Impairment of right of use assets	3,377	3,964
	38,287	24,430
Total property losses	**47,712**	24,526
Other items		
Finance costs	1,038	1,000
Finance income	(97,724)	(52,859)
	(96,686)	(51,859)
Taxation		
Other tax items	–	(2,102)
Tax effect on separately disclosed items	22,190	14,664
	22,190	12,562
Total separately disclosed items	**(25,762)**	**(44,155)**

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

Local government support grants
The company has recognised £54,000 (2022: £1,443,000) of local government support grants in the UK and the Republic of Ireland, associated with the COVID-19 pandemic.

Duty drawback
In the previous year, a credit of £170,000 was recognised for duty drawback was received for perished stock during the period in relation to the COVID-19 lockdown in the UK.

Other operating costs
As outlined in note 29, the company is in an ongoing contractual dispute with a large supplier. Costs of £1,076,000 have been recognised in relation to this dispute.

4. Separately disclosed items (continued)

Property losses
In the table on the previous page, those costs classified under the 'separately disclosed property losses' relate to the loss on disposal of sites sold during the year.

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 £35,966,345 (2022: £19,904,000) was incurred in respect of the of property, plant and equipment and £3,377,000 (2022: £3,964,000) was incurred in respect of right of use assets, as required under IAS 36. There were impairment reversals of £5,430,153 recognised in the year (2022: £2,668,000).

In the year, a total impairment charge of £4,448,441 (2022: £1,015,000) was incurred in respect of the impairment of our investment properties.

There was no impairment charge relating to assets under construction (2022: £2,215,000).

Separately disclosed finance costs
The separately disclosed finance costs of £1,038,000 relate to covenant-waiver fees (2022: £1,000,000).

Separately disclosed finance income
The company has separately disclosed finance income of £97,724,000 (2022: £52,859,000). £71,124,000 (2022: £48,527,000) relates to the fair value on interest-rate swaps recognised in the P&L, £13,290,000 (2022: £8,143,000) relates to hedge ineffectiveness at termination, based on highly probable cash flows and £13,310,000 (2022: £3,802,000) relates to the amortisation of the hedge reserve to the P&L relating to discontinued hedges. See note 22.

Taxation
The tax effect on separately disclosed items is a charge of £22,190,000 (2022: £14,664,000) and relates primarily to; derivative contracts (£16,345,000 charge) (2022: £10,009,000).

5. Employee benefits expenses

	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Wages and salaries	**668,397**	639,366
Employee support grants	**(768)**	(4,473)
Social security costs	**41,262**	41,637
Other pension costs	**10,675**	9,657
Share-based payments	**10,545**	5,874
	730,111	692,061

Directors' emoluments	2023 £000	2022 £000
Aggregate emoluments	**1,788**	1,984
Aggregate amount receivable under long-term incentive schemes	**455**	527
Company contributions to money purchase pension scheme	**173**	195
	2,416	2,706

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 and details on the number of directors' accruing a pension, please see the directors' remuneration report on pages 67-75.

	2023 Number	2022 Number
Full-time equivalents		
Head office	**362**	332
Pub managerial	**4,549**	4,648
Pub hourly paid staff	**19,539**	19,791
	24,450	24,771

	2023 Number	2022 Number
Total employees		
Head office	**379**	342
Pub managerial	**4,678**	4,757
Pub hourly paid staff	**37,151**	37,028
	42,208	42,127

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

Share - based payments	52 weeks ended 30 July 2023	53 weeks ended 31 July 2022
Shares awarded during the year (shares)	**3,627,591**	2,048,275
Average price of shares awarded (pence)	**534**	909
Market value of shares vested during the year (£000)	**1,464**	7,122
Share awards not yet vested (£000)	**16,632**	11,275

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 67-75.

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

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

6. Finance income and costs

	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Finance costs		
Interest payable on bank loans and overdrafts	**43,469**	22,869
Amortisation of bank loan issue costs (note 10)	**1,246**	1,983
Interest payable on swaps	**1,894**	9,220
Interest payable on asset-financing	**205**	448
Interest payable on private placement	**4,977**	6,238
Finance costs excluding lease interest	**51,791**	40,758
Interest payable on leases	**16,294**	18,083
Total finance costs	**68,085**	58,841
Bank interest receivable	**(1,011)**	(103)
Lease interest receivable	**(340)**	(428)
Total finance income	**(1,351)**	(531)
Net finance costs before separately disclosed items	**66,734**	58,310
Separately disclosed finance costs (note 4)	**1,038**	1,000
Separately disclosed finance income (note 4)	**(97,724)**	(52,859)
	(96,686)	(51,859)
Net finance (income)/costs after separately disclosed items	**(29,952)**	6,451

7. Income tax expense

(a) Tax on profit/(loss) on ordinary activities

The standard rate of corporation tax in the UK is 25.0%, having increased from 19% on 1 April 2023. The company's profits for the accounting period are taxed at a rate of 21.0% (2022: 19.0%) being the blended tax rate applicable in the period.

	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 separately disclosed items (note 4) £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 separately disclosed items (note 4) £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Taken through income statement						
Current income tax:						
Current income tax charge	–	5,552	5,552	22	–	22
Previous period adjustment	–	293	293	–	2	2
Total current income tax	–	5,845	5,845	22	2	24
Deferred tax:						
Origination and reversal of temporary differences	13,602	16,345	29,947	(4,529)	14,662	10,133
Prior year deferred tax credit	(4,868)	-	(4,868)	(1,053)	–	(1,053)
Impact of change in UK tax rate	–	-	-	–	(2,102)	(2,102)
Total deferred tax	8,734	16,345	25,079	(5,582)	12,560	6,978
Tax charge/(credit)	8,734	22,190	30,924	(5,560)	12,562	7,002

	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 separately disclosed items (note 4) £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 separately disclosed items (note 4) £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Taken through equity						
Current tax	–	–	–	(2)	–	(2)
Deferred tax	(100)	–	(100)	22	–	22
Tax (credit)/charge	(100)	–	(100)	20	–	20

	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 separately disclosed items (note 4) £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 separately disclosed items (note 4) £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Taken through comprehensive income						
Deferred tax charge on swaps	–	6,055	6,055	8,404	–	8,404
Impact of change in UK tax rate	–	–	–	2,647	–	2,647
Tax charge	–	6,055	6,055	11,051	–	11,051

7. Income tax expense (continued)

(b) Reconciliation of the total tax charge

The taxation charge for the 52 weeks ended 30 July 2023 is based on the pre-separately disclosed profit before tax of £42.6 million and the estimated effective tax rate before separately disclosed items for the 52 weeks ended 30 July 2023 of 20.5% (July 2022: 18.3%). This comprises a pre- separately disclosed current tax rate of 0% (July 2022: 0.1%) and a pre- separately disclosed deferred tax charge of 20.5% (July 2022: 18.3% charge).

The UK standard weighted average tax rate for the period is 21% (2022:19%). The current tax rate is lower than the UK standard weighted average tax rate owing to tax losses brought forward and previously disallowed interest being deductible in the period.

	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Profit/(loss) before income tax	**42,559**	**90,511**	(30,448)	26,269
Profit/(loss) multiplied by the UK standard rate of corporation tax of 21.0% (2022: 19.0%)	**8,937**	**19,008**	(5,785)	4,991
Abortive acquisition costs and disposals	**427**	**427**	498	498
Expenditure not allowable	**711**	**711**	1,001	1,001
Fair value movement on SWAP disregarded for tax	**(2,599)**	**484**	–	34
Other allowable deductions	**(13)**	**(13)**	168	(9)
Non-qualifying depreciation and loss on disposal	**5,875**	**8,489**	60	4,105
Capital gains - effect of reliefs	**1,175**	**1,175**	396	380
Share options and SIPs	**188**	**188**	(669)	(669)
Deferred tax on balance-sheet-only items	**(182)**	**(182)**	(162)	(162)
Effect of different tax rates and unrecognised losses in overseas companies	**2,871**	**2,871**	(14)	(14)
Rate change adjustment	**(3,788)**	**2,341**	–	(2,102)
Previous year adjustment – current tax	**-**	**293**	–	2
Previous year adjustment – deferred tax	**(4,868)**	**(4,868)**	(1,053)	(1,053)
Total tax expense/(income) reported in the income statement	**8,734**	**30,924**	(5,560)	7,002

7. Income tax expense (continued)

(c) Deferred tax

The deferred tax in the balance sheet is as follows:

The main rate of corporation tax increased to 25% on 1 April 2023. Deferred tax balances have been recognised at the rate they are expected to reverse.

Deferred tax liabilities	Accelerated tax depreciation £000	Other temporary differences £000	Interest-rate swap £000	Total £000
At 31 July 2022	**50,788**	**5,518**	**14,834**	**71,140**
Previous year movement posted to the income statement	(3,392)	157	(1,629)	(4,863)
Movement during year posted to the income statement	2,652	1,162	7,772	11,586
Movement during year posted to comprehensive income	-	-	6,055	6,055
At 30 July 2023	**50,048**	**6,837**	**27,032**	**83,918**

Deferred tax assets	Share-based payments	Tax losses & interest capacity carried forward £000	Interest-rate swap £000	Total £000
At 31 July 2022	**646**	**35,776**	**-**	**36,422**
Previous year movement posted to the income statement	-	5	-	5
Movement during year posted to the income statement	298	(18,659)		(18,361)
Movement during year posted to equity	100	-	-	100
At 30 July 2023	**1,044**	**17,122**	**-**	**18,166**

The company has recognised deferred tax assets of £18.2 million (2022: £36.4 million), which are expected to be offset against future profits. This includes a deferred tax asset of £17.1 million (2022: £35.8 million), in respect of UK tax losses. Included within other temporary differences is £6.8 million (2022: £5.5 million) of chargeable gains rolled over on the acquisition of new assets.

Deferred tax assets and liabilities have been offset as follows:

	2023 £000	**2022 £000**
Deferred tax liabilities	**83,918**	71,140
Offset against deferred tax assets	**(18,166)**	(36,422)
Deferred tax liabilities	**65,752**	34,718
Deferred tax assets	**18,166**	36,422
Offset against deferred tax liabilities	**(18,166)**	(36,422)
Deferred tax asset	**-**	-

As at 30 July 2023, the company had a potential deferred tax asset of £9.7 million (2022: £10.9 million) relating to capital losses (gross tax losses £34.5 million (2022: £35.0 million)) and tax losses in the Republic of Ireland (gross tax losses £24.2 million (2022: £18.4 million)). 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 (2022: 128,750,155) less the weighted average number of shares held in trust during the financial year of 3,296,278 (2022: 1,924,810). 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. 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	**52 weeks ended 30 July 2023**	53 weeks ended 31 July 2022
Shares in issue	**128,750,155**	128,750,155
Shares held in trust	**(3,296,278)**	(1,924,810)
Shares in issue - Basic	**125,453,877**	**126,825,345**
Dilutive shares[1]	**2,810,231**	1,866,335
Shares in issue - Diluted[1]	**128,264,108**	**128,691,680**

Earnings / (loss) per share

52 weeks ended 30 July 2023	**Profit/(loss) £000**	**Basic EPS pence**	**Diluted EPS pence**
Earnings (profit after tax)	**59,587**	47.5	46.5
Exclude effect of separately disclosed items after tax	**(25,762)**	(20.5)	(20.1)
Earnings before separately disclosed items	**33,825**	27.0	26.4
Exclude effect of property gains/(losses)	**(2,231)**	(1.8)	(1.7)
Underlying earnings before separately disclosed items	**31,594**	25.2	24.7

53 weeks ended 31 July 2022	Profit/(loss) £000	Basic EPS pence	Diluted EPS Pence
Earnings (profit after tax)[1]	19,267	15.2	15.0
Exclude effect of separately disclosed items after tax[1]	(44,155)	(34.8)	(34.6)
Earnings before separately disclosed items	(24,888)	(19.6)	(19.6)
Exclude effect of property gains/(losses)	(2,142)	(1.7)	(1.7)
Underlying earnings before separately disclosed items	(27,030)	(21.3)	(21.3)

[1] Impact of dilutive shares was omitted in error from FY22 earnings (profit after tax) per share.

9. Cash used in/generated from operations

	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Profit for the period	**59,587**	19,267
Adjusted for:		
Tax (note 7)	**30,924**	7,002
Share-based charges (note 5)	**10,545**	5,874
Loss on disposal of property, plant and equipment (note 3)	**10,871**	3,476
Disposal of capitalised leases (note 3)	**(2,273)**	(7,368)
Net impairment charge (note 3)	**38,287**	24,430
Interest receivable (note 6)	**(1,011)**	(103)
Interest payable (note 6)	**50,234**	41,395
Lease interest receivable (note 6)	**(340)**	(428)
Lease interest payable (note 6)	**22,796**	18,083
Separately disclosed Interest (note 6)	**(96,686)**	(51,859)
Amortisation of bank loan issue costs (note 6)	**1,246**	1,983
Depreciation of property, plant and equipment (note 13)	**70,173**	71,227
Amortisation of intangible assets (note 12)	**1,827**	3,240
Depreciation on investment properties (note 14)	**185**	87
Aborted properties costs	**1,719**	2,947
Cancelled principal payments (note 23)	**–**	(4,726)
Foreign exchange movements	**1,633**	(1,474)
Amortisation of right-of-use assets (note 23)	**37,556**	42,291
	237,273	175,344
Change in inventories	**(8,157)**	452
Change in receivables	**2,133**	(12,171)
Change in payables	**39,437**	14,885
Cash flow from operating activities	**270,686**	**178,510**

10. Analysis of change in net debt

	31 July 2022 £000	Cash flows £000	Other changes £000	30 July 2023 £000
Borrowings				
Cash and cash equivalents	40,347	46,826	–	**87,173**
Other loan receivable - due before one year	803	-	–	**803**
Asset-financing obligations – due before one year	(5,137)	889	48	**(4,200)**
Current net borrowings	36,013	47,715	48	**83,776**
Bank loans – due after one year	(828,616)	200,033	(1,201)	**(629,784)**
Asset-financing obligations – due after one year	(3,974)	4,019	(45)	**-**
Other loan receivable - due after one year	2,739	(753)	–	**1,986**
Private placement – due after one year	(97,814)	–	(46)	**(97,860)**
Non-current net borrowings	(927,665)	203,299	(1,292)	**(725,658)**
Net debt	(891,652)	251,014	(1,244)	**(641,882)**
Derivatives				
Interest-rate swaps asset – due after one year	61,367	(169,413)	119,990	**11,944**
Interest rate swaps liability – due before one year	–	–	(78)	**(78)**
Interest-rate swaps liability – due after one year	(2,031)	–	2,031	**-**
Total derivatives	59,336	(169,413)	121,943	**11,866**
Net debt after derivatives	(832,316)	81,601	120,699	**(630,016)**
Leases				
Lease assets – due before one year	2,001	(1,677)	1,037	**1,361**
Lease assets – due after one year	9,264	–	(813)	**8,451**
Lease obligations – due before one year	(48,471)	32,926	(35,941)	**(51,486)**
Lease obligations – due after one year	(421,582)	–	29,788	**(391,794)**
Net lease liabilities	(458,788)	31,249	(5,929)	**(433,468)**
Net debt after derivatives and lease liabilities	(1,291,104)	112,850	114,770	**(1,063,484)**

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

The non-cash movement in bank loans and the private placement relate to the amortisation of loan issue costs. The amortisation charge for the year of £1,246,000 (2022: £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

	30 July 2023 £000
Recognition of new leases (note 23)	**(16,820)**
Remeasurements of existing leases liabilities (note 23)	**2,450**
Remeasurements of existing leases assets (note 23)	**223**
Disposal of lease (note 23)	**2,969**
Lease transfers to property, plant and equipment	**5,333**
Cancelled principal payments (note 23)	**–**
Exchange differences (note 23)	**(84)**
Non-cash movement in net lease liabilities	**(5,929)**

10. Analysis of change in net debt (continued)

Analysis of changes in net debt for 53 weeks ended 31 July 2022	25 July 2021 £000	Cash flows £000	Other changes £000	31 July 2022 £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 asset – 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)

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

11. Dividends paid and proposed

No final dividend has been proposed for approval at the annual general meeting for the 52 weeks ended 30 July 2023 (2022: Nil). 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 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
Additions	1,169	1,689	2,858
Disposals	–	(9)	(9)
At 30 July 2023	**36,771**	**2,113**	**38,884**
Accumulated depreciation:			
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)
Provided during the period	(1,827)	–	(1,827)
Reversal of impairment losses	74	–	74
At 30 July 2023	**(32,379)**	**–**	**(32,379)**
Net book amount at 30 July 2023	**4,392**	**2,113**	**6,505**
Net book amount at 31 July 2022	4,976	433	5,409
Net book amount at 25 July 2021	5,354	4	5,358

The majority of intangible assets relate to computer software and software development. Examples include the development costs of the Wetherspoon customer-facing app and other bespoke J D Wetherspoon applications.

13. Property, Plant and Equipment

	Freehold and long leasehold property	Short leasehold property	Equipment fixtures and fittings	Assets under construction	Total
Cost					
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 to investment property	-	-	-	(2,170)	(2,170)
Transfers	15,948	1,185	2,572	(19,705)	-
Exchange differences	(1,257)	(53)	(201)	(242)	(1,753)
Transfer to held for sale	(1,739)	-	-	-	(1,739)
Disposals	(13,614)	(3,708)	(4,713)	-	(22,035)
Reclassifications	12,435	(12,435)	-	-	-
At 31 July 2022	1,477,334	280,330	731,115	75,451	2,564,230
Additions	19,315	5,983	32,148	10,323	67,769
Transfers	6,551	1,967	7,900	(16,418)	-
Transfers from capitalised leases	*(464)*	-	-	-	(464)
Exchange differences	1,289	57	214	253	1,813
Transfer to held for sale	(527)	-	(419)	-	(946)
Disposals	(16,448)	(8,750)	(7,574)	(4,719)	(37,491)
Reclassifications	7,003	(7,003)	-	-	-
At 30 July 2023	**1,494,053**	**272,584**	**763,384**	**64,890**	**2,594,911**

Accumulated depreciation and impairment					
At 25 July 2021	(332,433)	(171,358)	(552,038)	0	(1,055,829)
Provided during the period	(21,336)	(9,704)	(40,186)	0	(71,227)
Transfers from investment property	0	0	0	0	0
Exchange differences	122	19	148	0	289
Impairment loss	(18,617)	1,279	1,102	(2,215)	(19,451)
Transfer to held for sale	939	0	0	0	939
Disposals	3,752	2,288	1,871	0	7,911
Reclassification	(6,960)	6,960	0	0	0
At 31 July 2022	(374,533)	(171,516)	(589,104)	(2,215)	(1,137,368)
Provided during the period	(21,958)	(9,056)	(39,159)	0	(70,173)
Transfers from investment property	0	0	0	0	0
Exchange differences	(35)	(13)	(184)	0	(232)
Impairment loss	(30,478)	(5,488)	0	0	(35,966)
Reversal of impairment losses	700	3,440	1,290	0	5,430
Transfer to held for sale	206	0	341	0	547
Disposals	5,514	7,534	6,005	1,614	20,667
Reclassifications	(4,523)	4,523	0	0	0
At 30 July 2023	**(425,107)**	**(170,576)**	**(620,811)**	**(601)**	**(1,217,095)**
Net book amount at 30 July 2023	**1,068,946**	**102,008**	**142,573**	**64,289**	**1,377,816**
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

During the period, an amount of £41,646,000 (2022: £42,777,000) was spent on the reinvestment of existing pubs. £11,202,000 (2022: £25,773,000) was spent on freehold reversions. £20,361,000 (2022: £58,789,000) was spent on investment in new pubs and pub extensions. This led to a total capital expenditure of £73,209,000 (2022: £127,339,000).

Reclassifications relate to assets transferred from short leasehold property to freehold and long leasehold property upon a freehold reversion.

14. Investment property

The company owns six (2022: six) freehold properties with existing tenants – and these assets have been classified as investment properties:

	£000
Cost:	
At 25 July 2021	10,602
Transfer from property, plant and equipment	2,170
Additions	11,763
At 31 July 2022	24,535
Transfer from property, plant and equipment	–
Additions	9
At 30 July 2023	**24,544**

Accumulated depreciation and impairment:	
At 25 July 2021	(69)
Provided during the period	(87)
Impairment loss	(1,015)
At 31 July 2022	(1,171)
Provided during the period	(185)
Impairment loss	(4,448)
At 30 July 2023	**(5,804)**

Net book amount at 30 July 2023	**18,740**
Net book amount at 31 July 2022	23,364
Net book amount at 25 July 2021	10,533

Rental income received in the period from investment properties was £1,197,000 (2022: £790,000).

At the year end, the investment properties were independently valued at £18,740,000 giving rise to an impairment charge of £4,448,000 (2022: £1,015,000) was incurred to adjust their net book value.

15. Inventories

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

	30 July 2023 £000	31 July 2022 £000
Goods for resale at cost & non consumables	**34,558**	26,402

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.

	30 July 2023 £000	31 July 2022 £000
Current (due within one year)		
Other loan receivables	**803**	803
Other receivables	**2,556**	18,601
Rebate receivable	**1,909**	1,998
Prepayments	**21,999**	7,998
	27,267	**29,400**
Non-current (due after one year)		
Other loan receivables	**1,986**	2,739
Total other non-current assets	**1,986**	**2,739**

Credit risk	30 July 2023 £000	31 July 2022 £000
Due from suppliers – not due	**2,250**	937
Due from suppliers – over due	**302**	193
	2,552	**1,130**

Included within other receiveables for the year ended 31 July 2022 is £11,347,000 due from HMRC in relation to the historic VAT treatment of slot/fruit machines.

Included within prepayments for the year ended 30 July 2023 is £8,159,000 relating to a deposit held on account for the supply of energy.

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 30 July 2023, one site was classified as held for sale (2022: two sites)

	30 July 2023 £000	31 July 2022 £000
Property, plant and equipment	**400**	800

18. Cash and cash equivalents

	30 July 2023 £000	31 July 2022 £000
Cash and cash equivalents	**87,173**	40,347

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

19. Trade and other payables

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

	30 July 2023 £000	31 July 2022 £000
Trade payables	**141,547**	107,886
Other payables	**15,321**	17,267
Other tax and social security	**75,466**	67,362
Accruals	**95,513**	88,758
Deferred income	**1,251**	1,208
	329,098	282,481

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.

Other tax and social security includes VAT and other liabilities due to HMRC.

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

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

20. Borrowings

	30 July 2023 £000	31 July 2022 £000
Current (due within one year)		
Other		
Lease liabilities	51,486	48,471
Asset-financing obligations	4,200	5,137
Total current borrowings (including lease liabilities)	55,686	53,608
Non-current (due after one year)		
Bank loans		
Variable-rate facility	630,000	730,000
CLBILS	–	100,033
Unamortised bank loan issue costs	(217)	(1,417)
	629,783	828,616
Private placement		
Fixed-rate facility	98,000	98,000
Unamortised private placement issue costs	(140)	(186)
	97,860	97,814
Other		
Lease liabilities	391,794	421,583
Asset-financing obligations	–	3,974
	391,794	425,556
Total non-current borrowings (including lease liabilities)	1,119,437	1,351,986
Total borrowings (including lease liabilities)	1,175,123	1,405,592

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 £875 million. As at 30 July 2023, £630 million was drawn down (2022: £730 million). There are 14 participating lenders. £20 million matures in February 2024 while £855 million 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 14 November 2022, the company repaid the two secured loans under the CLBILS of £48.3 million and £51.7 million, respectively. The loans had four participating lenders and an average fixed-interest charge of 1.94%; they were set to 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 £98 million. The notes mature in 2026.

The company has an overdraft facility of £10 million, which is undrawn as at 30 July 2023.

21. Provisions

	30 July 2023 £000	31 July 2022 £000
Opening	2,661	3,004
Charged to the income statement:		
– Additional charges	2,187	2,781
– Unused amounts reversed	(2,437)	(2,588)
– Used during year	(16)	(536)
Closing	**2,395**	**2,661**

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 for each instrument, using the following fair value measurement hierarchy know as levels:

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

	Hierarchy	30 July 2023 Book value £000	30 July 2023 Fair value £000	31 July 2022 Book value £000	31 July 2022 Fair value £000
Financial assets at amortised cost					
Cash and cash equivalents[1]	1	**87,173**	**87,173**	40,347	40,347
Trade and other receivables (excl. prepayments)[1]	1	**7,254**	**7,254**	24,141	24,141
Lease assets	3	**9,811**	**9,811**	11,265	11,378
		104,238	**104,238**	75,753	75,866
Financial liabilities at amortised cost					
Trade and other payables (excl. deferred income & other taxes)[1]	1	**(252,381)**	**(252,381)**	(213,911)	(213,911)
Asset-financing obligations	2	**(4,200)**	**(4,367)**	(9,111)	(9,111)
Private placement	2	**(97,860)**	**(95,508)**	(97,814)	(94,166)
Borrowings	2	**(629,783)**	**(618,018)**	(828,616)	(811,795)
		(984,224)	**(970,274)**	(1,149,452)	(1,128,983)
Derivatives – cash flow hedges					
Current derivative financial liability	2	**(78)**	**(78)**	-	-
Non-current derivative financial liability	2	**-**	**-**	(2,031)	(2,031)
Non-current derivative financial asset	2	**11,944**	**11,944**	61,367	61,367
		11,866	**11,866**	59,336	59,336

[1]Fair value determined to be in line with book value, this is considered to be a reasonable approximation.

22. Financial instruments (continued)

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
As at 30 July 2023					
Borrowings	66,232	654,589	–	–	720,821
Private placement	3,645	3,645	101,896	–	109,186
Trade and other payables	253,633	–	–	–	253,633
Derivatives	(1,088)	(1,081)	(13,833)	–	(16,002)
Lease liabilities	51,081	46,107	124,926	360,005	582,119
Asset-financing obligations	4,324	–	–	–	4,324
As at 31 July 2022					
Borrowings[1]	26,488	46,424	744,054	–	816,966
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

[1] Prior year restated, borrowings were previously reported as full facility rather than drawn down amount.

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. Re-financing options have been discussed within the going concern disclosure on page 41.

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 £580 million of these borrowings at rates of between 1.46% and 4.70% . 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 4.28% (2022: 1.61%), fixed for a weighted average period of 2.9 years (2022: 6.4 years). In addition, the company has entered into forward-starting interest-rate swaps, detailed in the table below.

22. Financial instruments (continued)

Weighted average interest-rate swap

From	To	Total swap value £m	Weighted average interest %
31/10/2022	31/07/2023	580[1]	4.28%
31/07/2023	31/10/2025	400	4.67%
31/10/2025	30/04/2028	400	3.58%

[1] £87.5 million of the total swap value was hedge accounted for as at 30 July 2023. All remaining notional swap values are not hedge accounted for.

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 52 weeks ending 30 July 2023, if the interest rates on UK-denominated borrowings had been 1% higher, with all other variables constant, the interest charge would have increased by £5.4million and therefore reduced the pre-tax profit for the year. Similarly, the change in fair value of interest-rate swaps would have increased by £15.7 million (2022: £58.2 million increase in equity as hedge accounting was applied) and therefore increased the post-separately disclosed profit for the year. This assumes no hedge accounting is applied. The movement in the P&L 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:

	2023 £000	2022 £000
Analysis of interest-rate profile of financial liabilities		
Floating rate due after one year	**629,783**	728,583
Fixed rate due after one year	**–**	100,033
	629,783	828,616
Asset-financing obligations		
Fixed rate due in one year	**4,200**	5,137
Fixed-rate due after one year	**–**	3,974
	4,200	9,111
Private placement		
Fixed rate due after one year	**97,860**	97,814
	97,860	97,814
	731,843	935,541

Obligations under asset-financing

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

	30 July 2023 £000	31 July 2022 £000
Within one year	**4,245**	5,137
In the second to fifth year, inclusive	**–**	4,332
	4,245	9,469
Less future finance charges	**(45)**	(358)
Present value of obligations	**4,200**	9,111
Less amount due for settlement within one year	**(4,200)**	(5,137)
Amount due for settlement during the second to fifth year, inclusive	**-**	3,974

22. Financial instruments (continued)

Hedging interest-rate swaps
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	30 July 2023 £000	31 July 2022 £000
Carrying value of derivative financial instruments liability	**(78)**	(2,031)
Carrying value of derivative financial instruments asset	**11,944**	61,367
Change in fair value of derivatives where hedge accounting was applied	**1,147**	48,494
Change in fair value of discontinued derivatives and derivatives taken through P&L	**(48,617)**	48,485
Hedge gains recognised in comprehensive income in respect of continuing hedges prior to ineffectiveness	**(50,819)**	(48,452)
Hedge gains recognised in P&L in respect of hedges held at fair value through P&L	**(71,124)**	(48,527)
Transaction proceeds received in respect of terminated hedges (net of termination fees)	**169,413**	-
Hedge ineffectiveness	**(13,290)**	(8,134)
Amortisation to P&L of cashflow hedge reserve relating to discontinued hedge relationship	**(13,310)**	3,802
Hedging reserve balance in respect of continuing hedges	**346**	(14,516)
Hedging reserve balance in respect of discontinued hedges	**(32,127)**	899

Hedging reserve	£000	£000
Opening	**(13,617)**	19,452
Hedging gains recognised in comprehensive income	**(50,819)**	(48,452)
Hedge ineffectiveness reclassified from the reserve to P&L in respect of terminated swaps	**13,290**	-
Hedge ineffectiveness reclassified from the reserve to P&L in respect of continuing hedges	**-**	8,134
Amortisation to P&L of cashflow hedge reserve relating to discontinued hedge relationships	**13,310**	(3,802)
Deferred tax posted to comprehensive income	**6,055**	11,051
Closing	**(31,781)**	(13,617)

At the beginning of the reporting period, the company had eight hedge relationships, each of which held several interest-rate swaps. Hedge relationships refer to interest-rate swaps entered into at the same time. Hedge accounting was applied to hedge relationships one to seven from inception. The following changes have taken place during the 52 weeks ended 30 July 2023:

On 14 October 2022, the company terminated the majority of its interest-rate swaps, except five individual interest-rate swaps sitting between two of its hedge relationships. On termination, the company received a cash inflow of £169,413,000, being *proceeds less termination fees. Those terminated interest-rate swaps previously subject to hedge accounting have been treated* as discontinued and an assessment made, as detailed below, to determine whether the hedged future cash flows will still occur. The fair value relating to terminated swaps, that had previously been recognised in OCI, is recycled to the P&L in line with the rate at which hedged future cash flows occur.

The hedges terminated are as follows:

- Hedge relationship two, designatied for hedge accounting, contained six interest-rate swaps which were all terminated, two of which had been previously discontinued from hedge accounting through novations. Hedge relationship three contained five interest-rate swaps, one of which had been previously discontinued through novation. These interest-rate swaps were previously hedge accounted for – and the future hedged cash flows are still expected to occur. The fair value in OCI was crystallised at termination and will be recycled to the P&L, in line with the future expected cash flows.
- Hedge relationship five contained one interest-rate swap. This designated hedge relationship was partially discontinued as forecasts indicate that not all hedge cash flows will occur. The fair value continues to be recycled from OCI to the P&L, in line with future expected cash flows.
- Hedge relationships six and seven each contained one interest-rate swap. These designated hedge relationships were previously discontinued in full due to no longer having any exposure against the hedged item. Any fair value movements were previously recognised in the P&L.
- Hedge relationship eight was not hedge accounted for from inception. Any fair value movements were previously recognised in the P&L. This hedge relationship was sold post year end – please refer to note 28.

Hedge ineffectiveness of £13.3 million has arisen in the 52 weeks ended 30 July 2023 relating to the above terminated hedge relationships. Previously, hedge ineffectiveness has arisen due to a change in the future borrowing strategy which has resulted in the company no longer achieving a hedge ratio of 1:1 (2022: £8.1 million). The hypothetical derivative method was adopted to assess hedge ineffectiveness.

The two hedge relationships with active swaps remaining had previously been designated for hedge accounting:

- Hedge relationship one contained four interest-rate swaps, all of which have remained active. Previously, the designated hedge relationship had been partially discontinued from hedge accounting, as two of these interest-rate swaps had been novated. The remaining two interest-rate swaps will be designated until maturity on 31 July 2023, as future cash flows are still expected to occur.
- Hedge relationship four had two of its three interest-rate swaps terminated. On 14 October 2022, the maturity date of the remaining interest-rate swap was amended from 30 June 2028 to 31 July 2023. As a result of the above, the hedge has been fully discontinued, given that the critical terms have materially changed. The fair value of this hedge continues to be recycled from OCI to the P&L, in line with future expected cash flows.

22. Financial instruments (continued)

On 24 October 2022, three new interest-rate swaps were enacted under one new hedge relationship (hedge relationship nine), with a total nominal value of £400 million; on 28 April 2023, one new interest-rate swap was enacted under one hedge relationship (hedge relationship 10), with a total nominal value of £400 million. Management elected not to apply hedge accounting to the hedge relationships from inception, as they did not meet the company's risk strategy. Both hedge relationships were sold post year end – please refer to note 28.

The liability of £78,000 is made up of £65,000 relating to hedge relationships where hedge accounting has been applied. The remaining £13,000 liability and £11.9 million asset relate to hedge relationships where hedge accounting is not applied. Remaining in the hedging reserve is £0.3 million of fair value relating to continuing hedges (2022: -£14.5 million) and -£32 million of fair value relating to hedges which have been derecognised/discontinued (2022: £0.9 million).

23. Leases

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

Rent cash flow analysis	**30 July 2023 £000**	31 July 2022 £000
Cash outflows relating to capitalised leases	**49,994**	57,630
Expense relating to short term leases	**504**	10
Expense relating to variable element of concessions	**16,980**	8,799
Total rent cash outflows for period	**67,478**	66,439
Cash inflows relating to capitalised leases	**(2,017)**	(1,852)
Income relating to lessor sites	**(2,506)**	(2,001)
Total rent cash Inflows for period	**(4,523)**	(3,853)

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

Balance sheet position	**30 July 2023 £000**	31 July 2022 £000
Right-of-use asset[1] (a)	**387,353**	419,416
Non-current lease asset	**8,450**	9,264
Current lease assets	**1,361**	2,001
Total lease assets[2] (b) (d)	**9,811**	11,265
Current lease liability	**(51,486)**	(48,471)
Non-current lease liability	**(391,794)**	(421,583)
Total lease liability[1] (c) (d)	**(443,280)**	(470,054)

[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:

	£000
Cost	
As at 31 July 2022	557,262
Additions	17,043
Remeasurement	(8,160)
Freehold reversions transferred to property, plant and equipment	(5,997)
Disposals and derecognised leases	(3,146)
At 30 July 2023	**557,002**
Accumulated depreciation and impairment:	
As at 31 July 2022	(137,846)
Provided during the period	(37,556)
Exchange differences	68
Impairment loss	(3,377)
Freehold reversions transferred to property, plant and equipment	1,120
Remeasurement	6,357
Disposals and derecognised leases	1,585
At 30 July 2023	**(169,649)**
Net book amount at 30 July 2023	**387,353**
Net book amount at 31 July 2022	419,416

During the period, additions related to nine new lease contracts that were signed. 51 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. Five freehold reversions took place in the year while disposals and derecognised leases totalled six. In the year ended 31 July 2022, lease additions totalled £4,458,000 and depreciation £42,291,000.

(b) Sublet properties

	£000
As at 25 July 2021	11,528
Remeasurements of leases	1,160
Interest due in period	428
Total cash inflow for leases in period	(1,851)
As at 31 July 2022	11,265
Remeasurements of leases	**223**
Interest due in period	**340**
Total cash inflow for leases in period	**(2,017)**
At 30 July 2023	**9,811**

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.

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 – 4.1%, 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:

	30 July 2023 £000	31 July 2022 £000
Lease liability as at commencement of period	**(470,054)**	(523,815)
Additions	**(16,820)**	(4,458)
Freehold reversions transfered to property, plant and equipment	**5,333**	15,740
Remeasurements of leases	**1.676**	(6,742)
Disposals	**2,969**	4,514
Cancelled principal payments (due to expedient)	**–**	4,726
Exchange differences	**(84)**	(67)
Lease liabilities before payments	**(476,980)**	(510,102)
Interest payable in period:		
Interest expense within period (discounting element)	**(16,294)**	(18,083)
Cancelled interest expense (due to expedient)	**–**	501
	(16,294)	(17,582)
Total cash outflow for leases in period:		
Lease payment commitments for period	**49,994**	62,857
Cancelled payment commitments (due to expedient)	**–**	(5,227)
	49,994	57,630
Net principal payments	**33,700**	40,048
Lease liability as at closing of period	**(443,280)**	(470,054)

In the prior year the company 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.

In the prior year included within remeasurement of leases are principal payments of £4,726,000 (2021: £10,993,000) credited to the income statement, and a reduction in associated interest charges of £501,000 (2021: £2,918,000) resulting in a total credit to the income statement of £5,227,000 (2021: £13,911,000) which was 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 44) 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	
	30 July 2023 £000	31 July 2022 £000	**30 July 2023 £000**	31 July 2022 £000
Within one year	**51,486**	48,471	**(1,361)**	2,001
Between one and two years	**46,107**	48,029	**(1,169)**	1,332
Between two and three years	**43,472**	46,233	**(1,157)**	1,140
Between three and four years	**43,028**	43,777	**(1,154)**	1,128
Between four and five years	**38,427**	43,031	**(975)**	1,124
After five years	**363,399**	382,369	**(5,668)**	6,518
Lease commitments payable / receviable	**585,919**	611,910	**(11,484)**	13,243
Discounting	**(142,639)**	(141,856)	**1,672**	(1,978)
Lease liability / lease asset	***443,280***	*470,054*	**(9,812)**	11,265

24. Government support

	30 July 2023 £000	31 July 2022 £000
Local government grants (note 4)	**(54)**	(1,443)
Employee support grants (note 5)	**(768)**	(4,473)
	(822)	(5,916)

The government support in the table above should be viewed in context of the contribution to the economy as on page 5.

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. The grants were treated as separately disclosed.

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.

25. Capital commitments

At 30 July 2023, the company had £4.7 million (2022: £9.8 million) of capital commitments, relating to the purchase of three (2022: nine) 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	2023 £000	2022 £000
Short-term employee benefits	**3,305**	2,950
Post-employment pension benefits	**335**	300
Share-based payment	**869**	611
	4,509	3,861

Key management comprises the executive directors, non-executive directors and management board, as detailed on page 63.

For additional information about directors' emoluments, please refer to the directors' remuneration report on pages 67-75.

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 67-75 which forms part of these financial statements.

27. Share capital

	Number of shares 000s	Share capital £000
Balance at 31 July 2022 (audited)	128,750	2,575
Balance at 30 July 2023 (audited)	**128,750**	**2,575**

The total authorised number of 2p ordinary shares is 500,000,000 (2022: 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 22 August 2023, the company disposed of all interest rate swaps in place, receiving £14.8 million to do so. At the same time, the company took out a new interest-rate swap of £200 million from 23 August 2023 through to 6 February 2025 at a rate of 5.665%. On 25 September 2023, the company took out a further interest-rate swap of £400 million from 6 February 2025 to 6 February 2028 at a rate of 4.225%.

On 21 September 2023, the company announced that 11 of its pubs will be put on the market as part of a one-off disposal programme. Management has concluded this to be a non-adjusting event on the basis that events and conditions arose after the end of the financial period.

29. Contingent liability

The company is in an on-going contractual dispute with a large supplier. The outcome of the dispute is yet to be determined and will be resolved by a legal process. Disclosing any further information at this stage about the ongoing contractual dispute, its financial effect (if any) and uncertainties relating to the amount or timing of any outflow might be prejudicial to the company's position.

Authorisation of financial statements and statement of compliance with IFRSs
The financial statements of J D Wetherspoon plc (the 'Company') for the 52 weeks ended 30 July 2023 were authorised for issue by the board of directors on 6 October 2023, 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 41-46. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 July 2023.

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. In line with accounting standards, the going concern assessment period is the 12-months from the date of approval of these accounts (approximately the end of quarter 1 of FY25). Given the proximity to the going concern review period, the Company has also considered the February 2025 expiry of its current revolving credit facility in its assessment.

The Company has modelled a 'base case' forecast in which recent momentum of sales, profit and cash flow growth is sustained. The Company has anticipated within this forecast continued high levels of inflation, particularly on wages, utility costs and repairs. The base case scenario indicates that the Company will have sufficient resources to continue to settle its debts as they fall due and operate within its leverage covenants for the going concern assessment period.

A more cautious but plausible scenario has been analysed, in which sales for FY24 are in line with FY23 (ie no sales growth). The Company has reviewed, and is satisfied with, the mitigating actions that it could take if such an outcome were to occur. Such actions could include reducing discretionary capital expenditure, reducing costs or implementing price increases. Under this scenario, the Company would still have sufficient resources to settle liabilities as they fall due and sensible headroom on its covenants through the duration of the going concern review period.

The Company has also performed a 'reverse stress case' which shows that the Company could withstand a 12% reduction in sales from those assessed in the 'base case' throughout the going concern period, as well as costs assumed to increase at a similar level to the downside scenario,
before the covenant levels would be exceeded towards the end of the period. The directors consider this scenario to be remote as, other than when the business was closed during the pandemic, it has
never seen sales decline at anywhere close to that rate. Furthermore the Company could take additional mitigating actions, in such a scenario, to prevent any covenant breach.

The directors have determined that, over the period of the going concern assessment, there is not expected to be a significant impact resulting from climate change.

Following the cessation of a period of lender-agreed relaxed covenants to 30 July 2023, the Company has reverted to its original covenant targets and the Company is confident that these targets will be met in the going concern assessment period.

As set out in Note 20, the secured Revolving Credit Facility totalling £875 million of which £630 million was drawn at 30 July 2023, matures in February 2024 (£20 million) and February 2025 (£855 million).

As the directors believe that the positive trading and cash flow trends which have been experienced in the period to 30 July 2023 will continue, coupled with increasing certainty over cost inflation, the Company has chosen not to formally commence any refinancing exercise as at the date of these accounts.

Given the Company's strong financial position and current trading performance, the directors are
confident that the Company will be able to refinance its debt facilities when it is required to do so. The Company has had frequent conversations to date with its longstanding lending syndicate and advisors.
These discussions have highlighted multiple refinancing options and very good levels of support. These factors, combined with the alternative liquidity options available to the Company, provide the Directors
with appropriate assurance that the prospect of not being able to refinance is remote and as such
no material uncertainty exists.

After due consideration of the matters set out above, 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
As set out in note 22, the Company previously hedge accounted for interest-rate swaps if it met the specified qualifying criteria outlined by IFRS 9. On 14 October 2022,

management terminated the majority of its interest rate swaps. As at 30 July 2023, there are no material outstanding swaps designated for hedge accounting.

Management makes judgements in forecasting drawdowns of future borrowings, as well as future interest rates. These forecasts affect the rate at which the fair value previously recognised and frozen in other comprehensive income is recycled to the income statement.

Separately disclosed 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.

Going concern
As noted above in the going concern section, the Company's revolving credit facility matures in February 2025 and therefore the company is approaching a 'refinancing'. The directors have not yet formally started the refinancing process and have therefore made a judgement in determining the ability of the company to refinance at a future date. The directors have determined that no material uncertainty exists. The directors have considered all known economic, sector and political factors in forming their view and they consider that market conditions will remain conducive to a successful refinancing within the available timeframe.

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

Impairment of property, plant and equipment and right of use assets
The Company recognised impairment charges of £35,966,000 (2022: £19,904,000) relating to property, plant and equipment and £3,377,000 (2022: £3,964,000) relating to right of use assets. There were impairment reversals of £5,430,000 (2022: £2,668,000). Impairment tests are performed at the end of each reporting period, when there are indicators to do so. Impairments are made at the higher of future cash flows less carrying value of assets or fair value less costs to sell. 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 forecasting future cash flows for each pub. 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 12% (2022: 10.2%). For leasehold pubs, a combination of both the WACC and the internal borrowing rate (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.

Sensitivity analysis has been performed to determine the theoretical impact on impairment should scenarios occur which are alternative to those included in the impairment workings. These sensitivities have been applied to the properties impaired during the period:

- A 23% reduction of year one future cash flows would increase the impairment charge by £103,000.
- An increase of 0.9% in the WACC would increase the impairment charge by £4,262,000.

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.

Management continually considers the impact of climate change, through analysis of pubs at risk of flood, as outlined in the environmental report on pages 51-53. There is not expected to be a material risk.

Accounting policies
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.

Separately disclosed 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 separately disclosed, 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 12, 13 and 14: intangible assets and 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.	The acquisition value is split 70:30 between buildings and land. Buildings are depreciated over 50 years. Land is not depreciated.
Short-leasehold property	Structural/building improvement assets at leasehold pubs.	Depreciated over the shorter of the lease period and estimated useful life.
Equipment, fixtures and fittings	Assets within pubs including kitchen, bar and cellar equipment, furniture, IT software and IT hardware.	Depreciated over three 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. The Company has adjusted its accounting policy during the year ended 30 July 2023 to expense non-consumables (e.g. cleaning materials) at the point of use, rather than the point of receipt by the pub. The change in accounting policy provides greater clarity over non-consumable stock holdings within pubs. The total impact in the year ended 30 July 2023 is an increase in inventory and profit before tax of £2.9 million.

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. See note 24.

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 lease payments over the term of the lease which is determined as the end of the lease, unless the company is reasonably certain that a break clause or purchase option will be exercised. 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.

Modifications
When the Company agrees to a term extension or there is a change in consideration that is not part of the original terms of the 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.

Modifications are completed at the new incremental borrowing rate. Any adjustment which reduces the right-of-use asset below zero will be credited to the income statement.

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 at a nil gain/nil 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 certain 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, at reporting periods, 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. As disclosed in note 22, there was one immaterial hedge relationship designated for hedge accounting. For those swaps terminated, an assessment is made to determine the future cashflows of the hedged item to determine the amount to be recycled from other comprehensive income to the income statement.

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
- None

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. These new accounting standards are not expected to have a material impact. 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 Fulfilling a contract (Amendments to IAS37)
- Annual improvements to IFRS standards 2018-2020 cycle (Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture)

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. Management believes that APMs provide a more effective comparison of performance from one period to another. 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 10.

- Like for like – compares year on year performance of pubs and hotels which were trading in the equivalent weeks in both FY23 and FY22.

- Before separately disclosed items – this measure excludes separately disclosed 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 separately disclosed items reconciliation on page 15.

- Net debt excluding derivatives and lease liabilities – excluding both derivatives and lease liabilities allows shareholders to understand the core debt held by the Company. A reconciliation is provided on page 24.

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, and performance of the Company.

Social matters
Wetherspoon provides jobs for over 42,000 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

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.

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, written 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 allowing them to be involved in the decision-making process for key business issues.

- 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

- The appointment last 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

- 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

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	539	361
All employees	20,725	22,522

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 made decisions in a number of areas, often after comprehensive consultation with pub teams and the wider management teams. Examples include the various pricing and promotion decisions that have been taken, the timing around hedging utility costs, the investment decisions relating to new and existing pubs, and the extent to which pay rates were increased throughout the year. Further risks have been outlined within the risk section on pages 49-50.

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 and pub visits.

- 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 family. The Company operates a suggestion scheme through the "Tell Tim" 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 page 81. 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.

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).

Non-financial and sustainability information statement

The climate-related risks and opportunities of the company are outlined on pages 51-53, and have been considered as part of the going concern review. All other required information is included in relevant sections of the Annual Report and accounts.

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's 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 in terms of 'staying in fashion'.

Changes during the year
- The industry remains highly competitive.
- Changing consumer habits, owing to cost-of-living crisis.

Residual risk and impact on the business
Failure to execute the right strategy could damage reputation and affect profits.

Risk's mitigation
- Challenging incorrect publications about the company.
- Staying relevant through innovation of offerings in pubs.
- Monitor main competitors' offerings and pricing.
- Regular management review of strategic positioning and performance.

Supply chain disruption

Risk's description
Being unable to supply our pubs with products, when required, at a competitive price.

Changes during the year
- Inflationary pressures across the sector.
- Availability of products owing to disruptions in global supply chains.

Residual risk and impact on the business
Reduced profits resulting from higher product prices.
The company's reputation could be damaged if menu items were unavailable. Negative consumer reaction to increasing prices.

Risk's mitigation
- The company works closely with supply chain members to maintain product availability.
- Dual supply of key menu items.
- The company conducts audits of its supply chain.
- Long-term contracts with suppliers provide certainty of supply and low pricing.

Health and safety

Risk's description
The safety of our customers, employees and contractors is at risk if correct processes are not followed in relation to food-handling, equipment usage, maintaining a safe working environment and the use of hazardous substances.

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

Residual risk and impact on the business
Ineffective health and safety practices could result in harm to individuals, prosecution, closure of pubs and reputational damage.

Risk's mitigation
- Focus on food hygiene ratings.
- Internal audits are performed.
- All employees are provided with training in health and safety matters.
- Pubs are provided with the necessary resources and support to ensure that safe working practices are maintained.
- Buildings are maintained to ensure a safe operating environment.

Legal and regulatory

Risk's description
Failure to comply with legislative requirements and taxation policies.

Changes during the year
- Alcohol duty reform.
- Minimum wage rate changes.

Residual risk and impact on the business
Non-compliance could result in financial penalties, criminal prosecution and reputational damage.

Risk's mitigation
- In-house legal team have regular meetings with the management team.
- Continued professional development through training, completion of qualifications and communication with third-party specialists.

Technology, cyber security, data security

Risk's description
Loss of key information or business disruption through system failures, cyber-attacks and 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, eg reduced profits, reputational damage and loss of personal information.

Risk's mitigation
- Ensuring appropriate technologies, policies and procedures, including disaster-recovery plans, system 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's description
Not attracting the right people with sufficient experience to ensure the company's future success.

Changes during the year
- The company is fully staffed; recruitment pressures have eased during the year.
- Managerial length of service has increased.

Residual risk and impact on the business
Failure to retain or attract the right people would lead a diminished customer experience, higher recruitment costs and lower productivity levels.

Risk's mitigation
- The company offers a comprehensive remuneration package (eg staff discounts, bonuses and free shares), as well as genuine opportunities to progress within the business.
- The company's policy is to recruit from within, where possible.

Business continuity, crisis management and disaster recovery

Risk's description
Unexpected events such as fires, floods and pandemics will affect the company's ability to operate.

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

Residual risk and impact on the business
These risks are outside of the company's control, therefore without sufficient disaster-recovery plans, the impact could be material.

Risk's mitigation
- Mitigating actions taken by the company will depend on the nature of the event, how much forewarning the company has of an event and the reaction of the wider economic community.
- Comprehensive disaster-recovery plans are in place which seek to minimise such incidents' impact.
- Effective and efficient communication platforms to send messages to the workforce population.

Liquidity and financing

Risk's description
Inability to maintain cash flows to meet the needs and/or the debt covenants of the business.

Changes during the year
- Economic pressures due to high levels of inflation and increased interest rates.
- Reduced financial performance following the effects of the COVID-19 pandemic.

Residual risk and impact on the business
Insufficient funding or breaches of financing arrangements could affect the company's ability to trade.

Risk's mitigation
- Sales, profitability, debt requirements and cash flow are reviewed weekly by the management team.
- Hedges in place relating to interest rates and energy supply.
- Maintenance of sufficient levels of cash headroom to sustain periods of economic uncertainty.

Climate change risk discussed on pages 51-53.

Risk change year on year:

increased — unchanged — decreased

By order of the board

Nigel Connor
Company Secretary
6 October 2023

STRATEGIC REPORT – ENVIRONMENTAL MATTERS

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-related risks and opportunities to the business identified to date, split by the four TCFD pillars, as described below. Management deems the below disclosure to be compliant with TCFD's recommendations.

1). Governance
a. Describe the board's oversight of climate-related risks and opportunities.
b. Describe management's role in assessing and managing climate-related risks and opportunities.

2). Risk management
a. Describe the organisation's processes for identifying and assessing climate-related risks.
b. Describe the organisation's processes for managing climate-related risks.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

3). Strategy
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

4). Metrics and targets
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

<u>Governance</u>
The board – is responsible for the company's overall climate change strategy, including monitoring the company's risk register, a permanent item on the board's monthly agenda, of which climate change is an established risk.

The audit committee – is responsible for providing oversight of the financial reporting, audit and internal control processes, ensuring that these comply with laws and regulations. The company's risk register is a standing agenda item for the committee. This TCFD disclosure is included in its agenda annually for review.

The environment and energy group – which meets regularly, is chaired by finance director Ben Whitley. The group tracks the progress against goals and targets and will monitor the company's science-based target plan – which has been submitted to, and is awaiting approval by, the Science Based Target initiative (SBTi). Key initiatives discussed by this focus group are communicated to the business via environment champions, who are responsible for communicating energy, environment, waste and recycling best practice. All employees receive training on environmental matters.

<u>Risk management</u>
The internal audit department is responsible for the day-to-day management of the risk register, including identifying and assessing new and current risks. Eight of the companys identified risks are reported on pages 49 to 50. TCFD forms part of the climate change risk. Each risk area is reviewed by the relevant department, alongside the internal audit team, to identify those risk components, mitigations and changes which occurred in the year. Risks are categorised according to the probability of occurrence and severity of impact. As mentioned above, the board and the audit committee have overall responsibility for approving and reviewing the risk register.

The company is a member of the Zero Carbon Forum – supporting the hospitality sector to meet its carbon-reduction targets. The company is also working with Carbon Intelligence – who has assisted the company in developing robust and credible science-based targets. Progress towards achieving 'net zero' has been detailed in the metrics and targets section.

<u>Strategy</u>
The company recognises that it faces both environmental risks and opportunities relating to climate change. To date, discussions and analysis have focused on, but are not limited to, the following effects on the business: carbon taxes; availability of electricity; changes to transport networks; changes in customers' behaviour; coastal erosion; flooding; supply chain disruption; products' availability/pricing. Dislosed below are three of these risks and one opportunity. All of the above risks have been analysed in full for the board via an internal memorandum. Management assesses the effect of climate charge over the short, medium and long term and estimates the financial impact.

This is the company's second TCFD disclosure. As climate change evolves, management will continue to assess new risks and opportunities, to measure against those already identified, explore potential mitigations and incorporate anything new into the business's strategic and financial planning. The company deems the current energy-saving and consumption-reduction initiatives to be a resilient and a positive start, yet will continue to assess the effect and any strategic changes required.

Risks & opportunities

Risk / opportunity	Impact	Mitigations	Risk type	Chronic or acute	Time horizon	Financial impact
Lack of product availability from the supply chain.	A lack of product availability would increase costs and lower profitability. Any increased costs passed on to the customer or a reduced availability of products to purchase could affect sales.	Use of multiple suppliers for key products to mitigate availability risks.	physical/ transitional	chronic	medium	high
Increased likelihood of flooding from more rain and rising sea levels.	Pub closures would affect the profitability of the company, through lower sales, potential rising insurance premiums and the relocation of staff.	Use of flood defenses, where necessary.	physical	acute	medium	medium
Negative stakeholder perception if the company is seen not to be doing enough to tackle climate change.	Reputational damage could result in fewer customers visiting the pubs and hence lower sales. The company may struggle to attract investors, affecting its ability to access finance.	Publications such as Wetherspoon News and Does Truth Matter help to correct misinformation.	transitional	n/a	short	high
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 and grapes for wine could be grown in the UK. This could lower the company's carbon footprint, while reducing produce costs through lower transportation and import fees.	n/a	n/a	n/a	long	opportunity

Key

Risk type[1]

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

[1]Risk categories defined by the TCFD

Chronic or acute

Chronic physical risks refer to longer-term shifts in climate patterns (eg sustained higher temperatures) which may cause sea levels to rise or chronic heat waves.
Acute physical risks refer to those which are event driven, including increased severity of extreme weather events, eg cyclones/hurricanes/floods.

Time horizon

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

Financial Impact[2]

High	>£25m
Medium	£5-25m
Low	<£5m

[2]Annual impact

Metrics and targets

The above risks have been categorised according to their predicted financial impact and time horizon, both of which have been determined through performing internal risk analysis across all climate-related risks and opportunities.

During the financial year, the company submitted its first science-based target plan to the SBTi, which is currently under review. In the future, these will be split by FLAG (forest, land and agriculture) emissions. The company is working towards the government's Net Zero Strategy by 2050 and will provide updates on progress.

The company has been recognised for reducing its greenhouse gas emissions and is 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.

The company has reported its greenhouse gas emissions (GHG) emissions since 2014.

GHG emissions	Scope 1	Scope 2	Fuel (car)	Intensity	Scope 1	Scope 2	Fuel (car)	Total
Unit	Tonnes CO_2e	Tonnes CO_2e	Tonnes CO_2e	Tonnes CO_2e / £m revenue	kWh	kWh	kWh	kWh
2023	35,839	79,044	948	60.2	196,311,302	249,058,142	4,056,075	449,425,519
2022	41,324	65,971	454	61.9	226,818,295	205,342,472	1,917,037	434,077,804
2021	24,726	57,079	33	105.9	134,994,694	178,260,013	139,138	313,393,845
2020	45,012	68,297	745	90.4	244,801,679	292,946,271	3,138,550	540,886,500
2019	47,358	94,016	1,034	78.3	257,589,099	308,430,989	4,277,561	570,297,649
2018	50,725	115,315		98				
2017	50,805	138,864		114.2				
2016	51,342	157,190		130.7				
2015	52,510	170,048		147				
2014	49,251	163,930		151.3				

- 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.
- Scope 1 – combustion of gas and Scope 2 – purchase of electricity.
- Refrigerant emissions from our pubs are currently not reported, as they are immaterial.
- Once established, this will include scope 3.

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 where the bult of scope 3 emissions are generated. 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.

Our key targets
- Scope 1 and 2 reduction targets aligned to 1.5°C; 80% (scope 1 & 2) and 46% (scope 3) by 2030.
- Net zero emissions by 2050.
- Recycle 95% of recyclable waste.
- Zero waste to landfill.

The following progress has been made towards reaching these targets:
- The company has installed waterless urinals in a number of pubs and plans a nationwide rollout.
- Complimentary water fountains are available in all pubs, offering an alternative to plastic water bottles.
- Plastic containers that are 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.
- Cooking oil is converted to biodiesel for agricultural use.
- Paper consumption has approximately halved in the last two years.
- In partnership with Forest Carbon over the last four years, over 3,850 tonnes of carbon have been captured from the atmosphere through planting of new woodlands and peatland restoration.
- The company no longer posts Annual Reports to shareholders, only providing copies upon request. Any copies distributed are printed on recycled carbon-neutral paper.
- Working with our cloth supplier to remove 5.2 tonnes of plastic and 1.3 tonnes of cardboard from the supply chain, whilst shipping 579 fewer pallets by being more efficient with distribution.

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. Such waste is sent to the Wetherspoon recycling centre which is located within the company's distribution centre. During the financial year, the pubs sent 9,911 tonnes of waste to the recycling centre.

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 CO_2 and the use of fossil fuels. No waste is sent to landfill.

<u>Next steps</u>
The company has made good progress to date in both reducing and reporting its carbon footprint, but recognises there is still a long way to go.

The company trials new ideas and energy-saving technology consistently to reduce consumption and CO_2 emissions, these have included:
- solar panels
- rainwater-harvesting systems
- ground-source-heat pumps
- free-air cellar-cooling systems (cools the cellar by bringing in outside air, when external temperatures are low enough)
- wind turbines
- building energy management systems (BMS)
- voltage-optimising equipment

TCFD will remain a prominent part of the Annual Report going forward and the company hopes to be in a position to include strategic and financial modelling in the future.

INDEPENDENT AUDITORS' REPORT

Opinion

Our opinion on the financial statements is unmodified
We have audited the financial statements of J D Wetherspoon plc (the 'company') for the 52 weeks ended 30 July 2023, 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 30 July 2023 and of its profit for the 52 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 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 or continue as a going concern.

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

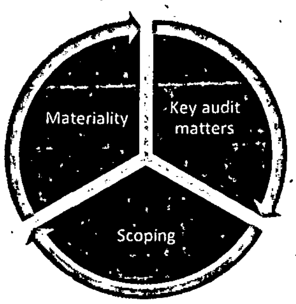
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial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

In 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Grant Thornton



Overview of our audit approach

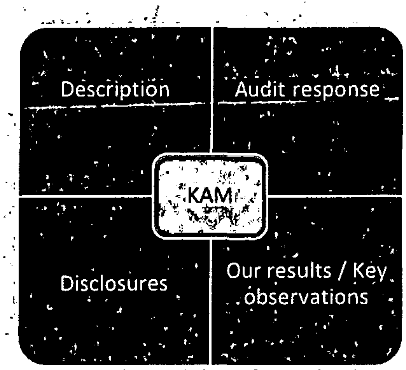
Overall materiality: £5,100,000, which represents 0.26% of the company's revenue.

Key audit matters were identified as:

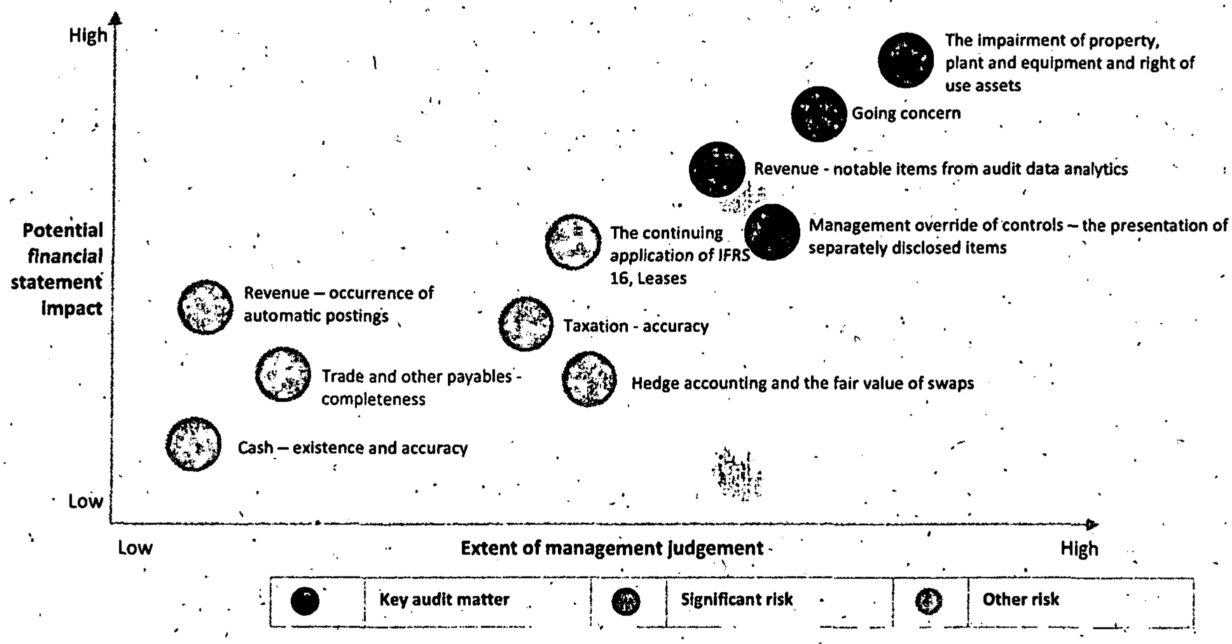
- The impairment of property, plant and equipment and right of use assets (same as previous period); and
- Going concern (same as previous period).

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 fraud and/or error. PPE represents the largest balance on the balance sheet (30 July 2023: £1.4bn / 31 July 2022: £1.4bn). Further to this, there are ROU assets recognised which must be considered for impairment (30 July 2023: £0.4bn / 31 July 2022: £0.4bn). The directors consider each individual pub to be a separate cash generating unit ("CGU"). The directors are required to undertake an impairment assessment where events indicate that the carrying value of the CGU may not be recoverable. The process for measuring and recognising impairment under International Accounting Standard 36 'Impairment of Assets' ("IAS 36") 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 management's projections for the future financial performance of each pub and where appropriate, the underlying market value of the pub. Management identifies pubs which have an indicator of impairment (management's "Watchlist" of pubs). These identified pubs are then risk weighted by management into four categories depending on how the pub has performed in the current year compared to the prior year. We have pinpointed our significant risk to those pubs with a reduction in profit in the current year when compared to the prior year which covers two of the four Watchlist categories.	• In responding to the key audit matter, we performed the following audit procedures: • Considered the accounting policy for compliance with IAS 36 and that the application by the company is consistent with the stated policy; • Assessed the design effectiveness of controls, including the methodology applied by management to identify indicators of impairment; • Understood and challenged management on the approach to creating the Watchlist and challenged management on its completeness, including any pubs which are performing below the remainder of the estate since returning to a more "normal" trading period post Covid-19 and the impact of the more recent macro-economic uncertainties; • Obtained management's risk categorisation and challenged their assessment of the pub categorisation utilised in the impairment review; • Recalculated the arithmetical accuracy and integrity of management's impairment model, by checking the internal consistency of formulae to identify indicators of impairment; • Agreed a sample of impairment model inputs to supporting documentation, including lease agreements, historic pub profit figures and the fixed asset register; • Validated that the methodology of the impairment exercise is consistent with the requirements of IAS 36, including appropriate identification of CGU's and the allocation of costs in the Value in Use ("VIU") calculations. We engaged our valuation experts to assess the reasonableness of the discount rate applied to forecast cash flows; • Compared management's assumptions within the impairment model against the uncertainties inherent within the current economic environment; • Obtained corroborative evidence to support management's judgements used for those pubs with indicators of impairment, with specific additional consideration on pubs identified in the significant risk categories, including evidence for changes made to the pubs, discussions with pub / area managers, review of pub space and evidence for operational changes; • Where management's pub impairment assessment was based on the fair value approach, we have obtained a property valuation from management's internal specialists and we have corroborated these valuations using external market data including recent market transactions, recent desktop valuations from external parties and indicative offers from third parties; • Performed sensitivity analysis based on reasonable, possible changes to key assumptions determined by management being the discount rate, sales price increase, and inflation rates on cost elements of the pub (including energy, staff costs, food & bar and rental costs); and • Assessed 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.
Relevant disclosures in the Annual Report and Financial Statements 2023 • Financial Statements: Note 13, PPE • Accounting Policies: Important estimates, impairment of PPE & ROU assets • Corporate Governance: Significant financial reporting items	**Key observations** We identified that additional impairments were required in relation to the impairment of PPE and ROU assets. Management have considered and accepted these further impairments and adjustments were made.

Key Audit Matter	How our scope addressed the matter
Going concern We identified going concern as one of the most significant assessed risks of material misstatement. 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 31 October 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 there is no like-for-like sales growth in FY24. The company has reviewed, and is satisfied with, the mitigating actions it could take if such a scenario were to occur. Such actions could include reducing discretionary capital expenditure, reducing costs and / or implementing price increases. Management also modelled a "reverse stress test" in which sales reduce by 12% when compared to the base case. The Directors consider this scenario to be remote as, other than when the business was closed during the pandemic, it has never seen sales decline at anywhere close to that rate. Furthermore, the Company could take additional mitigating actions, in such a scenario, to prevent any covenant breach. Following the cessation of a period of lender-agreed relaxed covenants to 31 July 2023, the Company has reverted to its original covenant targets and the Company is confident that these targets will be met in the going concern assessment period. As set out in Note 20, the secured Revolving Credit Facility totalling £875 million of which £630 million was drawn at 30 July 2023, matures in February 2024 (£20m) and February 2025 (£855m).	• In responding to the key audit matter, we performed the following audit procedures: • Obtained management's base case and downside scenario forecasts for the period to 31 October 2024, together with supporting evidence for all key trading, working capital and cash flow assumptions; • Obtained management's reverse stress test scenario, which reflects a sales decline which management consider to be remote and management's response via controllable mitigating actions; • We have performed arithmetical accuracy procedures on each of management's forecast scenarios, including forecast liquidity and covenant calculations; • Assessed the robustness of forecasts prepared by comparison to forecasts made in prior periods, including assessing management's historic ability to forecast, 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; • Assessed the reasonableness of managements assertion that the prospect of not being able to refinance is remote. The audit team were supported by internal debt advisory experts with this assessment; 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.
Relevant disclosures in the Annual Report and Accounts 2023 The company's accounting policy on going concern is shown in 'accounting policies' to the financial statements on page 41. • Accounting policies: Going concern and Important judgements • Directors' Reports: Going concern	**Key observations** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.

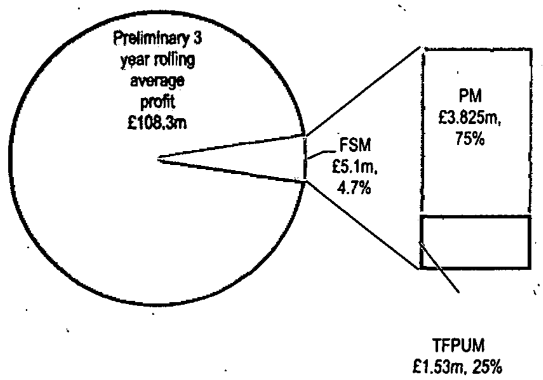
Our application of materiality

We applied 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 defined 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	£5,100,000, which represents 0.27% of the company's 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. Consistent with the prior year we disclose materiality as a percentage of revenue above, however given the recent volatility of earnings we have considered a range of possible benchmarks in determining materiality and the selected percentage against these benchmarks is at the lower end of our acceptable range. • Materiality for the current period is higher than the level that we determined for the period ended 30 July 2022 to reflect the increase in revenue and profitability within the company. 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	£3,825,000, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining materiality, we made the following significant judgements; • Whether there were any significant adjustments made to the financial statements in prior periods; • Whether there were any significant control deficiencies identified in prior periods or changes to the control environment; • Whether there were any changes in senior management during the period; and • Whether there were any significant changes in business objectives / strategy.
Specific materiality	We determined 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 the following areas: • Directors' remuneration; and • Related parties
Communication of misstatements to the audit committee	We determined a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£255,000 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 our 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. We performed a full scope audit of the financial statements of the company.

Changes in approach from previous period

- There were no significant changes to the scope of the audit compared to the prior period audit.

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. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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
We have reviewed 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 by the Listing Rules.
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 with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 41;
- the directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 65;
- the directors' statement on whether they have a reasonable expectation that the company will be able to continue in operation and meets its liabilities set out on page 41;
- the directors' statement on fair, balanced and understandable set out on page 64;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 49 to 50;
- the section of the annual report that describes the review of the effectiveness of risk management and internal control systems set out on page 79; and
- the section describing the work of the audit committee set out on page 80.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 64, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and 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 performed a review of prior period financial statements, enquiries of management, the finance team, Head of Legal and the Audit Committee. We corroborated our enquiries through our review of Board minutes, review of legal costs and discussion with those outside of finance responsible for legal matters.
- 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;
- 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 transactions 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 unexpected 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 unexpected 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.

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

Other matters which we are required to address

We were appointed by 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 6 years, covering the periods ended 29 July 2018 to 30 July 2023.

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.

Marc Summers

Marc Summers BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
6 October 2023

DIRECTORS AND OFFICERS

EXECUTIVE BOARD DIRECTORS

Tim Martin, Chairman, aged 68
Founded the Company in 1979, having previously studied law at Nottingham University and qualified as a barrister. He became chairman in 1983.
Ⓑ

James Ullman, Personnel and Retail Auditor Director, aged 52
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 58
Joined in 1991 and was appointed to the board in 1996. He is a graduate of Exeter University.
Ⓑ Ⓜ

Ben Whitley, Finance Director, aged 45
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 51
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.
Ⓑ

Deborah Whittingham, Employee Director, aged 54
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 64
Appointed to the board in 2020. He is a graduate of Westminster University. He qualified as a solicitor in 1985. He is a consultant to WH Ireland.
Ⓑ Ⓐ Ⓝ Ⓡ

Harry Morley Non-Executive Director, aged 58
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 TheWorks.co.uk plc, Cadogan Group Limited and of Schroder Mid Cap Fund plc. He is a trustee of the Ascot Authority. He qualified as a chartered accountant in 1991.
Ⓑ Ⓐ Ⓝ Ⓡ

Debra van Gene, Non-Executive Director, aged 69
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.
Ⓑ Ⓐ Ⓝ Ⓡ

MANAGEMENT BOARD

Nigel Connor, Company Secretary and Legal Director, aged 54
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 37
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 48
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 62
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 54
Joined in 1994 and appointed as operations director in 2004.
Ⓜ

Tom Ball, People Director, aged 47
Joined in 2009 and appointed to the management board in 2022. He is a graduate of Bournemouth University.
Ⓜ

Hannah Young, Deputy Finance Director, aged 42.
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 and a chartered secretary in 2023.
Ⓜ

ASSOCIATE EMPLOYEE DIRECTOR

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
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 63.

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 30 July 2023, we purchased 2,368,302 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 30 July 2023, 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 30 July 2023 are given on page 82.

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 2022. 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 2023.

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 elected to prepared the financial statements in accordance with international accounting standards in conformity 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 and fair view of the state of affairs and 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; and

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 47.

Employment policies
Information on the Company's employment policies, including the appointment and replacement of directors', is disclosed in the corporate governance report on pages 80-81.

Streamlined Energy and Carbon Reporting (SECR)
Environmental disclosures can be found on pages 51-53.

Articles of Association
The Company's Articles of Association may only be amended by special resolution at a general meeting of the shareholders.

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 2026.

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 49-50, specifically economic, regulatory, reputational and interest-rate risks. The details of these risks and uncertainties are the result of internal risk management and control processes, with further details set out in the audit committee's report on pages 79-81.

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 FY22. 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 directors have determined that, over the period of the viability assesment, there is not expected to be a significant impact resulting from climate change.

The Company has Revolving Credit Facilities in place of £875 million until February 2024 and £855 million until February 2025. A £98 million private placement is in place until August 2026. Following conversations with advisors, as well as current and prospective lenders, the company believes it has a number of viable refinancing options.

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. In line with accounting standards, the going concern assessment period is the 12-months from the date of approval of these accounts (approximately the end of quarter 1 of FY25). Given the proximity to the going concern review period, the Company has also considered the February 2025 expiry of its current Revolving Credit Facility in its assessment.

The Company has modelled a 'base case' forecast in which recent momentum of sales, profit and cash flow growth is sustained. The Company has anticipated within this forecast continued high levels of inflation, particularly on wages, utility costs and repairs. The base case scenario indicates that the Company will have sufficient resources to continue to settle its debts as they fall due and operate within its leverage covenants for the going concern assessment period.

A more cautious but plausible scenario has been analysed, in which sales for FY24 are in line with FY23 (ie no sales growth). The Company has reviewed, and is satisfied with, the mitigating actions that it could take if such an outcome were to occur. Such actions could include reducing discretionary capital expenditure, reducing costs or implementing price increases. Under this scenario, the Company would still have sufficient resources to settle liabilities as they fall due and sensible headroom on its covenants through the duration of the going concern review period.

The Company has also performed a 'reverse stress case' which shows that the Company could withstand a 12% reduction in sales from those assessed in the 'base case' throughout the going concern period, as well as costs assumed to increase at a similar level to the downside scenario, before the covenant levels would be exceeded towards the end of the period. The directors consider this scenario to be remote as, other than when the business was closed during the pandemic, it has never seen sales decline at anywhere close to that rate.

Furthermore the Company could take additional mitigating actions, in such a scenario, to prevent any covenant breach.

The directors have determined that, over the period of the going concern assessment, there is not expected to be a significant impact resulting from climate change.

Following the cessation of a period of lender-agreed relaxed covenants to 31 July 2023, the Company has reverted to its original covenant targets and the Company is confident that these targets will be met in the going concern assessment period.

As set out in Note 20, the secured Revolving Credit Facility totalling £875 million of which £630 million was drawn at 30 July 2023, matures in February 2024 (£20 million) and February 2025 (£855 million).

As the directors believe that the positive trading and cash flow trends which have been experienced in the period to 30 July 2023 will continue, coupled with increasing certainty over cost inflation, the Company has chosen not to formally commence any refinancing exercise as at the date of these accounts.

Given the Company's strong financial position and current trading performance, the directors are confident that the Company will be able to refinance its debt facilities when it is required to do so. The Company has had frequent conversations to date with its longstanding lending syndicate and advisors. These discussions have highlighted multiple refinancing options and very good levels of support. These factors, combined with the alternative liquidity options available to the Company, provide the directors with appropriate assurance that the prospect of not being able to refinance is remote and as such no material uncertainty exists.

After due consideration of the matters set out above, 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.
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 68-69,
- Provision of services by a controlling shareholder page 67–75,
- Agreements with controlling shareholders, page 40,
- Corporate governance (DTR 7.2.9 R), pages 76–81.

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
On 22 August 2023, the company disposed of all interest rate swaps in place, receiving £15 million to do so. At the same time, the company took out a new interest-rate swap of £200 million from 23 August 2023 through to 6 February 2025 at a rate of 5.665%.

By order of the board

Nigel Connor
Company Secretary
6 October 2023

Annual statement
Dear shareholder

Salary increases and awards made to executive board members this year are in accordance with the remuneration policy agreed by shareholders at the Company's Annual General Meeting (AGM) in December 2020.

We are presenting a new remuneration policy for approval by shareholders at this year's AGM in November. The new policy document follows this statement.

The revisions introduced in the new policy are driven by an ambition to get back to, and increase on, 2019 levels of company profitability. They are also made to ensure there are sensible comparators in place, rather than comparisons with the Company performance which was inevitably suppressed during the pandemic.

Company performance in the second half of this financial year has shown clear signs of emerging from the after-effects of the pandemic lockdown.

As a result, the annual bonus award for the coming year will be based on percentage increases of profit compared to performance in the second half of the current year annualised.

Deferred Bonus Scheme (DBS) awards will be made on performance relative to FY2019 rather than FY2023, until that level of performance is surpassed.

We lay out our ESG targets and strategy on pages 51-53. The committee considered introducing specific ESG measures into individuals' remuneration incentive plans. This is a highly complex and evolving area, and on balance the committee felt it is too early in the learning curve to assign specific targets to individuals, which may lead to unintended consequences. It is an area the committee will leave open for review in the future.

Salary
In the year ending 30th July 2023 the salaries of the CEO and the Personnel and Retail Audit Director were not increased. The salary of the Finance Director was increased by 2%.

For the current year ending 31st July 2024 the Remuneration Committee is proposing an increase of 6% for the CEO. This compares with a 6.7% increase for the general workforce.

An increase of 7.8% for the Finance Director and 11.1% for the Personnel and Retail Audit Director is proposed. This is because, as explained at the 2019 AGM, the committee decided to increase the salaries of internal appointments to the board in stepped levels over several years, so that over time their salaries would increase towards market levels for an equivalent executive director of a FTSE 250 company, while minimising upfront cost to the company. The salaries of both these executives are still well below the median of their peer group.

Annual cash bonus
The previous year was a loss-making year. Therefore, the Company has decided to award a bonus to all employees based on performance in the second half of the year, compared to a Company forecast. The committee is proposing that this be extended to executive directors, which will result in an award of 8.25% of basic salary.

Deferred bonus scheme
The deferred bonus scheme is a scheme which awards shares to all eligible senior managers throughout the business including executive directors.

Under the agreed scheme, executive directors will receive a maximum 100% of their basic salary in shares.

The calculation for this award is included underneath the bonus and incentives table on page 73.

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 & Retail Audit director received additional awards equivalent to 10% and 5% respectively of their salaries, because of their lengths of service. These additional awards are available to all employees with over 25 years' service with the Company.

Pension
A new all-employee pension scheme has been introduced, in line with current guidance and applies to all employees from 1 August 2022. Contributions of 12% to executive directors are aligned to this scheme. The CEO and Personnel & Retail Auditor Director received additional contributions because of their lengths of service. These additional contributions are available to all employees with over 25 years' service with the Company.

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 2023

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 will apply from the company's next AGM on 16 November 2023, subject to shareholders' approval at that meeting. The statement of our policy will replace the one approved in December 2020

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 August 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. The Company's pension contributions are based on length of service. The contribution detailed below are applicable to all scheme members, in pubs and head office positions, including Directors, subject to minimum employee contributions being satisfied.

Length of Service	Company pension contribution %
Less than one year	3
Over one year	4
Over five years	5
Over 10 years	6
Over 15 years	8
Over 20 years	12

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.

Component	Reason	Operation, maximum achievable and performance criteria
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 separately disclosed items. The scheme for the year ending July 2024 will be based on growth compared to the annualised performance in the second half of the year ending July 2023.

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 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, all employees, including directors, receive additional SIPs of 5% of their salary. This rises by a further 5% after each additional five years' service. 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 immediately vest to the participant on calculation of the initial award (and can be paid in cash), one-third will vest after one year and the remaining third will vest after two years. In each case, vests will be subject to the participant being employed by the Company at the release date. Performance criteria for the scheme have been simplified to be based purely on growth in 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. Awards for the year ending July 2024 will be based on earnings per share performance relative to the year ending July 2019 rather than July 2023. That target will remain in place until it is surpassed, at which point the target becomes the prior year performance. 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, at least 50% of any vested free share (SIP) 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 the start of FY19, when this holding requirement was introduced.

	Number of shares	
	Minimum Requirement	Shares held as 30 July 2023[1]
B Whitley	28,000	85,921
J Hutson	76,000	358,337
J Ullman	22,916	72,918
T Martin	41,000	30,774,709

[1] as per Directors and connected persons' interests in shares table below

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 separately disclosed 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 – 4 September 1996
Ben Whitley – 2 November 2015
James Ullman – 4 May 2022

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

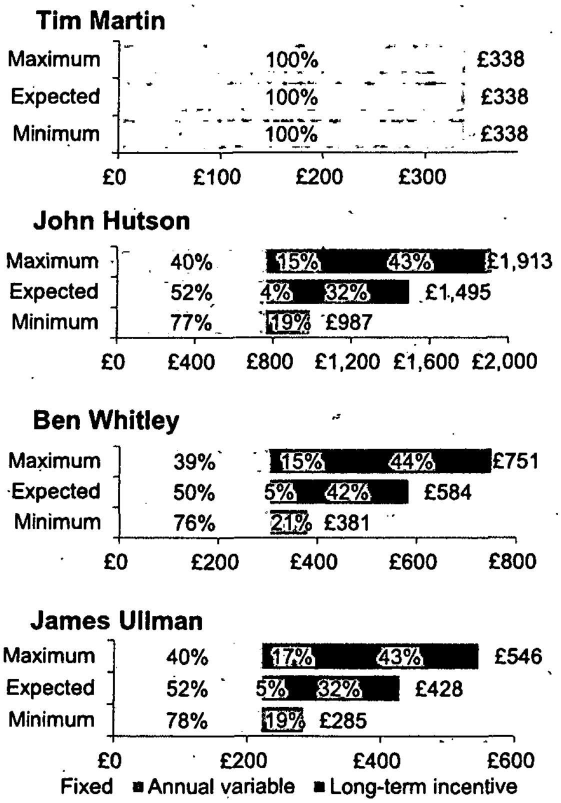
Non-executive directors
The non-executive directors hold their positions, pursuant to letters of appointment dated 4th November 2022, with a term of 12 months.

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 30 July 2023

The annual variable values include the cash bonus which may be achievable. In the case of 'expected' an average percentage achieved over the 7 years prior to FY20 has been used.

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, on a cash basis, received by each director for the year ended 30 July 2023.

Single-figure table – audited

	Salary/fees		Taxable benefits[1]		Performance bonus[2]		Long-term incentives[4]		Pension contributions[3]		Total		Total Fixed		Total Variable	
	2023 £000	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Executive directors																
J Hutson	638	638	53	54	–	–	277	223	104	102	1,072	1,017	795	794	277	223
S Cacioppo	67	358	10	38	–	–	30	125	11	57	118	578	88	453	30	125
B Whitley	255	250	30	29	–	–	84	62	33	30	402	371	318	309	84	62
J Ullman	180	45	26	9	–	–	64	–	25	6	295	60	231	60	64	–
	1,140	1,291	119	130	–	–	455	410	173	195	1,887	2,026	1,432	1,616	455	410
Non-executive directors and chairman																
T R Martin	324	324	14	13	–	–	–	–	–	–	338	337	338	337	–	–
B Thorne	54	54	–	–	–	–	–	–	–	–	54	54	54	54	–	–
D van Gene	54	54	–	–	–	–	–	–	–	–	54	54	54	54	–	–
R Beckett	16	54	–	–	–	–	–	–	–	–	16	54	16	54	–	–
H Morley	54	54	–	–	–	–	–	–	–	–	54	54	54	54	–	–
D Whittingham	8	5	–	–	–	–	–	–	–	–	8	5	8	5	–	–
H Simmons	8	5	–	–	–	–	–	–	–	–	8	5	8	5	–	–
	518	550	14	13	–	–	–	–	–	–	517	563	517	563	–	–
Total	**1,658**	1,841	**133**	143	–	–	**455**	410	**173**	195	**2,404**	2,589	**1,949**	2,179	**455**	410

1) Taxable benefits include car allowances and a contribution towards 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 paid, in line with policy.

2) No bonus was received 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 so on for every additional five years' service. John Hutson, Ben Whitley and James Ullman took, in salary, the portion of their Company pension contribution which was above the annual cap.

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 2022 and March 2023.

5) Su Cacioppo retired on the 7 October 2022. Her remuneration is shown up to the end of her appointment. Sir Richard Beckett resigned from the board on 17 November 2022.

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). The above amounts are on a cash basis, and agree to the directors' payslips for the financial year ended 30 July 2023. Please refer to the following page for bonuses accrued, but not paid, during the period.

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%.

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 £	J Ullman £
Profit growth	45.0%	8.25%	21,038	52,665	14,850
Total performance bonus	45.0%	8.25%	21,038	52,665	14,850
Employee share scheme	25.0%	25.0%	63,750	159,581	43,115
Employee share scheme – long service*	5.0%	5.0%	-	-	8,623
Employee share scheme – long service**	10.0%	10.0%	-	63,832	-
Deferred Bonus scheme***	100.0%	100.0%	255,000	638,366	180,000
Total long term incentives	140.0%		318,750	861,779	231,738
Total	**180.0%**	-	**339,788**	**914,444**	**246,588**

*James Ullman received an additional 5% as he has completed 25 years' service with the company.
**John Hutson received an additional 10%, as he has completed 30 years' service with the Company.
***Amounts included vest in three equal tranches in each of 2023, 2024 and 2025. The award has been accrued but not yet granted.

Long-term incentive awards in the year – audited

	Number of shares			Fair value in £		
	*Share Incentive Plan[1]	**Deferred Bonus Scheme[2]	Total	Share Incentive Plan	Deferred Bonus Scheme	Total
B Whitley	11,943	16,881	28,824	63,115	115,531	178,646
J Hutson	42,320	42,482	84,802	223,414	290,749	514,162
J Ullman	9,755	11,488	21,243	51,738	78,623	130,360
	64,018	**70,861**	**134,869**	**338,267**	**484,902**	**823,169**

[1] Share incentive plan includes shares granted in October 2022 and March 2023. These where awarded at an average share price of £5.34, three days before grant; shares will vest three years after grant.

[2] Deferred bonus scheme includes tranche two of the 2022 award and tranche one of the 2023 award. The fair value and share calculation for each year is as follows:

- The 2022 award was granted at a share price of £4.67, which was the average share price five days before granted. The represented fair value of the 2022 tranche two awarded shares has been calculated using a share price of £6.84, which is the average share price one week before announcement of the accounts.
- The 2023 deferred bonus scheme has not yet been granted, the figures above represent the accrual. The grant date will be 3 November 2023. The represented fair value of the 2023 tranche one awarded shares has been calcaulted as one third of the total Deferred Bonus scheme awarded for financial year. The number of shares awarded has been calculated using a share price of £6.84, which is the average share price one week before announcement of the accounts.

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 total interests of the directors in the shares of the Company, as at 30 July 2023, were as follows:

Ordinary shares of 2p each, held beneficially

	Shares[1]	Share Incentive Plan[2]	Deferred Bonus Scheme[3]	2023
T R Martin	30,774,709	-	-	30,774,709
B Whitley	17,726	22,014	46,181	85,921
J Hutson	165,617	76,664	116,056	358,337
J Ullman	24,654	16,522	31,742	72,918
H Simmons	1,189	3,006	-	4,195
D Whittingham	3,868	6,591	-	10,459
B Thorne	2,050	-	-	2,050
D van Gene	3,777	-	-	3,777
H Morley	8,611	-	-	8,611

[1] Shares included are all those vested as at 30 July 2023.
[2] Share Incentive Plan includes unvested awarded shares under the company Share Incentive Plan.
[3] Deferred Bonus Scheme Includes all three tranches of the 2023 award which has been accrued but not yet granted and remaining two tranches of 2022 award currently unvested.

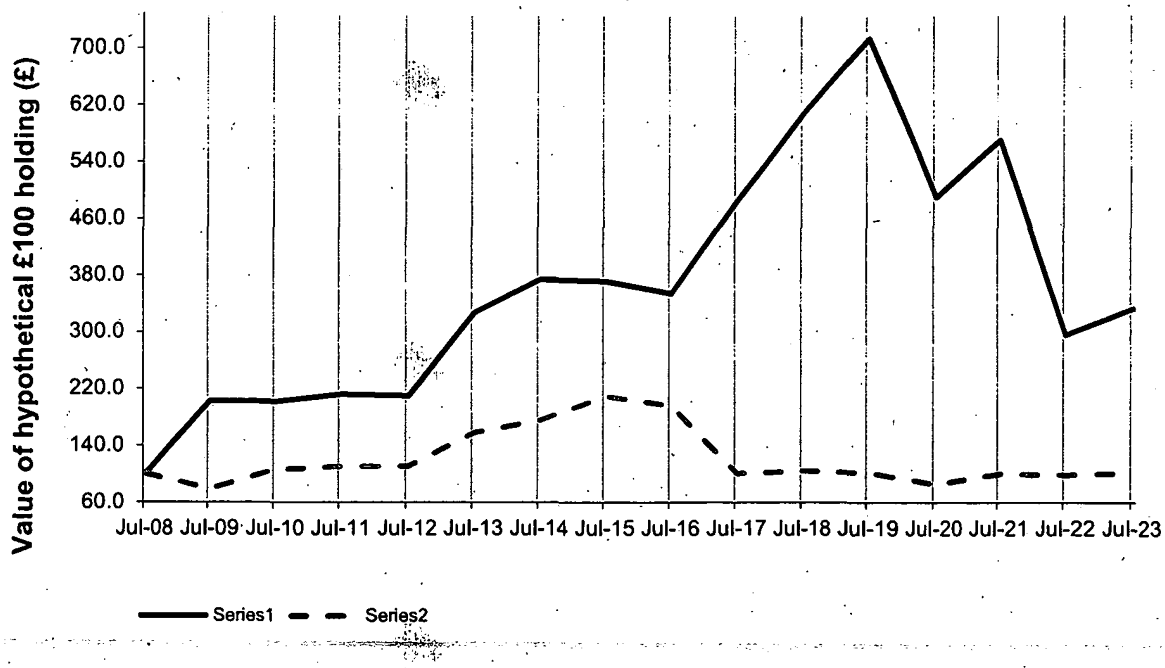
Since 30 July 2023, Harry Morley has purchased 6,389 shares and Tim Martin has bought 968,544 shares. Both transactions were outside of a closed period.

Partnership shares
Ben Whitley and Deborah Whittingham are participants of the partnership share scheme and acquired 328 shares each in the year. John Hutson is a participant in the partnership share scheme and acquired 329 shares in the year. The market price of the shares purchased ranged 427.0 – 751.0p.

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* %
2023	1,072	-	100
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	2	3.4	-
John Hutson	-	(1.9)	-
James Ullman	-	-	-
Tim Martin	-	7.7	-
Ben Thorne	-	-	-
Debra Van Gene	-	-	-
Harry Morley	-	-	-
Deborah Whittingham	-	-	-
Hudson Simmons	-	-	-
Total Employees	6.7	14.2	35.7

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
2023	Option B	54:1	49:1	45:1
2022	Option B	47:1	45:1	41:1

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), 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 2022 directors' remuneration report
The table below shows the voting outcomes at the 17 November 2022 AGM for the directors' remuneration report.

	Number of votes	% of votes
For	94,480,039	95.91%
Against	4,001,408	4.06%
Abstentions	31781	0.03%
Total cast	98,513,228	100.00%

All votes at the AGM were passed with at least 85% of the cast votes.

Shareholders' vote on 2021 directors' remuneration policy
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.

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 2023
Company Secretary

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 (page 77)
2. Division of responsibilities (page 78)
3. Composition, succession and evaluation (page 80)
4. Audit, risk and internal control (pages 79-81)
5. Remuneration (pages 67-75).

Statement of compliance
The board believes that the Company has been compliant with the code throughout the 52 weeks ended 30 July 2023, 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 is available for discussion with major shareholders, when requested.

10 – Non-executive directors' independence

Debra van Gene has served more than nine years on the board and so may not be considered independent under the code. The board considers that her performance as a non-executive director continues to be effective.

She contributes significantly as a director through her individual skills, considerable knowledge and experience of the Company. She demonstrates strong independence in how she discharges her responsibilities. Consequently, the board has concluded that, despite the length of tenure, there is no association with management which could compromise her 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 its 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 under five years. The Company has disclosed details of the share award schemes in the remuneration policy on pages 68-69. To promote long-term shareholding by executive directors, the Company requires directors to hold a minimum number of shares as disclosed on page 70. Restrictions are in place on the sale of shares, if directors have not achieved the minimum holding.

38 – Alignment of pension contribution rates 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 the 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 the relevant executive directors have the required long service entitlements, their existing pension contributions are now aligned with the policy 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's purpose

The board of directors
Tim Martin, chairman
John Hutson, chief executive officer
Ben Whitley, finance director
James Ullman, personnel and retail auditor director
Debra van Gene, non-executive director
Harry Morley, non-executive director
Ben Thorne, non-executive and senior independent director
Deborah Whittingham, employee director
Hudson Simmons, employee director

Su Cacioppo retired from the company and the board on 7 October 2022.

Sir Richard Beckett KC retired from the board on 17 November 2022.

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

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

Biographies of all board directors are on page 63 and 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 47.

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 ensures that all its 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 practiceInternal 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:

- Appointing employee directors to the board
- Meeting and talking to employees from the pubs during pub visits, regional meetings and at weekly head office meetings
- Area managers attending the opening section of the board meetings to discuss issues relating to pub operations 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 helpful, 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 and shareholders.	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 nine times during the year ending 30 July 2023. Attendance of the directors,non-executives, employee and associate employee directors where appropriate, is shown below.

	Board	Audit	Remuneration	Nomination
Number of meetings held in the year	9	4	1	1
Tim Martin	8	N/A	N/A	N/A
John Hutson	9	N/A	N/A	1
Ben Whitley	9	4	N/A	1
Debra van Gene	9	4	1	1
Harry Morley	8	4	1	1
Nigel Connor	9	4	N/A	N/A
Ben Thorne	9	4	1	1
James Ullman	9	4	N/A	1
Deborah Whittingham	9	N/A	N/A	N/A
Will Fotheringham	9	N/A	N/A	N/A
Hudson Simmons	9	N/A	N/A	N/A
Emma Gibson	9	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 separately disclosed on the face of the income statement. All separately disclosed items are reviewed by the committee
- 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 £82,000 (2022: £55,000), 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 13, 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, at the AGM in November 2023, the reappointment of Grant Thornton UK LLP as external auditors.

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 six years.

The disclosures provided in 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 Audit Committee reviews the risk register at each meeting, 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 those 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 49-50, 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.

The directors' report on remuneration is set out on pages 67-75.

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.

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
Mental health and well-being

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 2023

INFORMATION FOR SHAREHOLDERS

Ordinary shareholdings at 30 July 2023
Substantial shareholdings

Shares of 2p each	Number of shareholders	% of total shareholders	Number	% of total shares held
Up to 2,500	3,534	87.8	1,484,185	1.2
2,501–10,000	240	6.0	1,177,455	0.9
10,001–250,000	184	4.6	10,858,932	8.4
250,001–500,000	27	0.7	10,319,693	8.0
500,001–1,000,000	16	0.4	10,687,929	8.3
Over 1,000,000	23	0.6	94,221,961	73.2
	4,024	100.0	128,750,155	100.0

Substantial shareholdings
The Company has been notified of the following substantial holdings in its share capital at 30 July 2023:

	Number of ordinary shares	% of share capital
Tim Martin	29,548,779	23.0
Columbia Threadneedle Investments	7,102,605	5.5
FIL Investment International	6,519,967	5.1
MFS Investment Management	6,478,832	5.0
J D Wetherspoon plc Company Share Plan*	6,360,365	4.9
Artemis Investment Management LLP	5,600,320	4.3
Hargreaves Lansdown Asset Management LTD	5,225,961	4.1
Fidelity Investments	5,010,631	3.9

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 68-69. This includes vested shares held by employees.

Share prices

01 August 2022	596p
Low	388p
High	816p
30 July 2023	693p

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

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
BS13 8AE

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

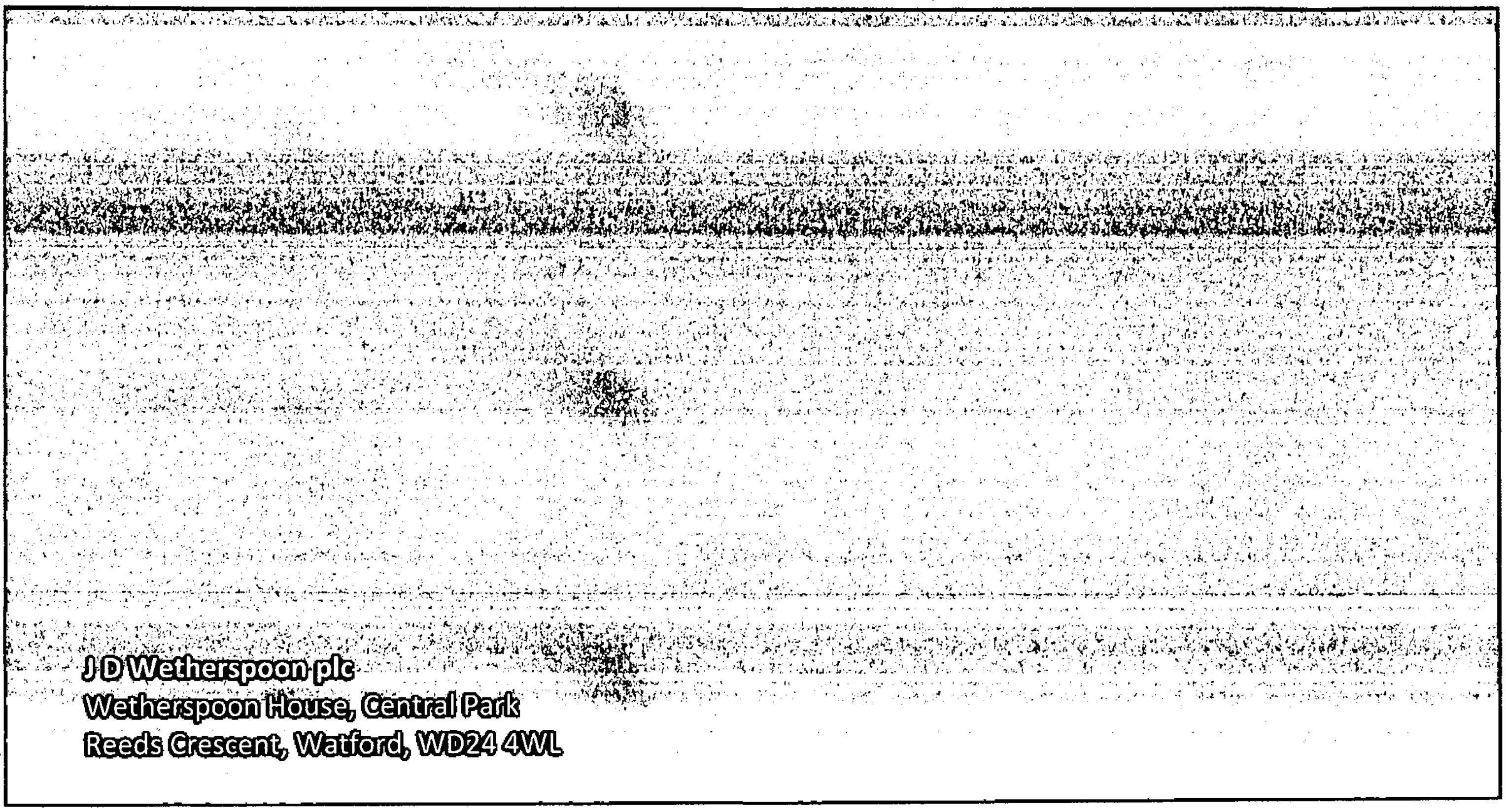
Bankers
Allied Irish Banks
Banco de Sabadell S.A London Branch
Barclays Bank plc
BNP Paribas
Clydesdale Bank plc
Co Operative Rabbobank U.A
Crédit Industriel et Commercial.
Handelsbanken Bank
HSBC Bank plc
Mediobanca S.p.A
MUFG Bank Ltd
National Westminster Bank plc
Santander UK plc
The Governor and Company of the Bank of Ireland

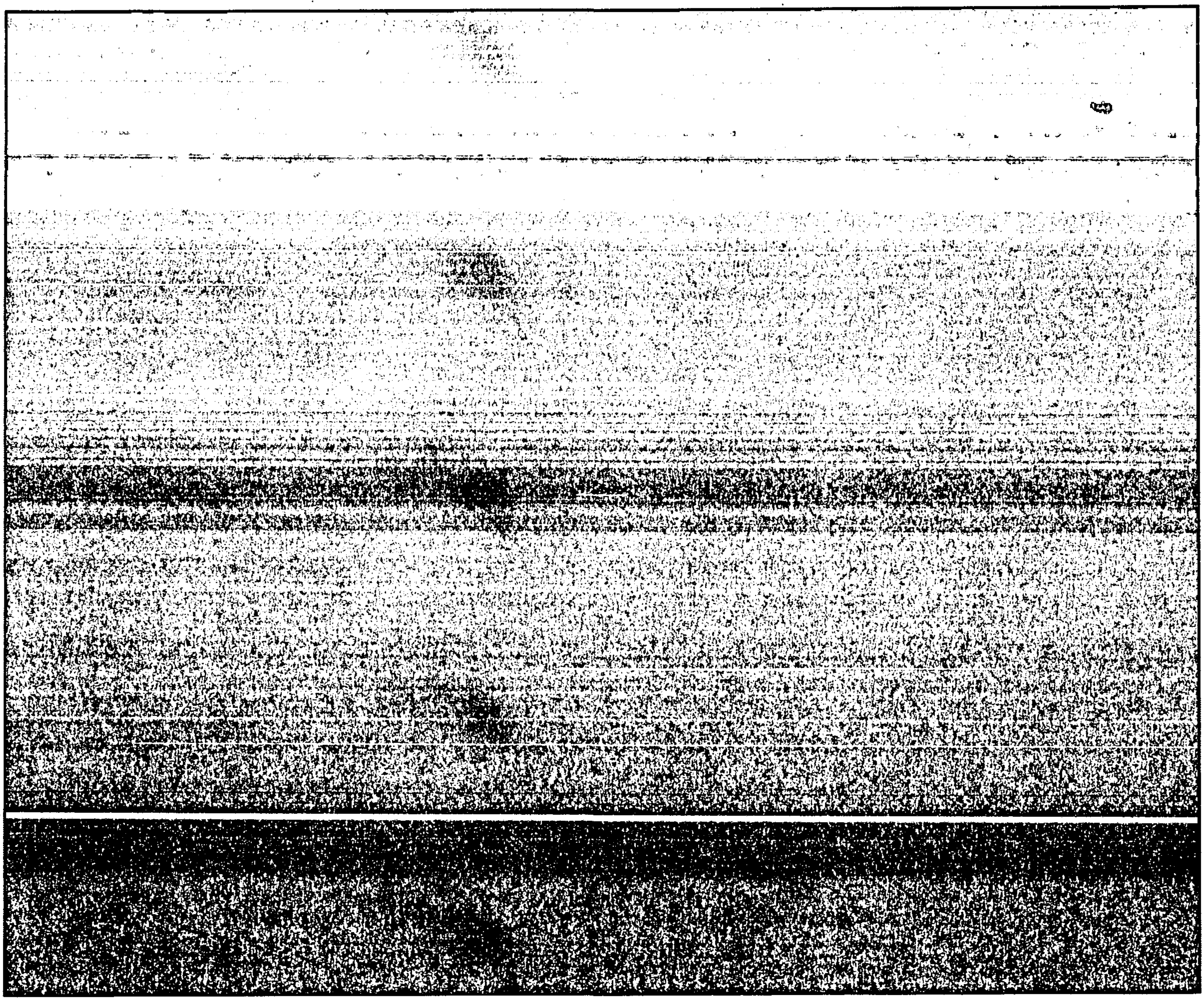
Financial advisers
Investec Bank plc
Rusche Advisors

Stockbrokers
Investec Bank plc

GLOSSARY

- **Accrual** = charge implemented to account for work that has been done or will be done but not yet invoiced.
- **AGM** = "annual general meeting". Annual assembly of a company's stakeholders.
- **Amortisation** = the process of gradually releasing an initial cost or income to the income statement.
- **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).
- **Emolument** = Salary received as compensation for service of employment.
- **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.
- **Freehold reversion** = The term used when purchasing a property which had been leased prior to the purchase.
- **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.
- **Impairment** = Acknowledging a reduction in the recoverable value of a fixed asset.
- **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.
- **Payable** = debts owed by the business; liabilities.
- **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.
- **Provision** = an amount set aside for known, future liabilities.
- **Receivable** = amounts owed to the business; assets.
- **Remuneration** = total compensation received by an employee fro service of employment.
- **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.


J D Wetherspoon plc
Wetherspoon House, Central Park
Reeds Crescent, Watford, WD24 4WL



Grant Thornton UK LLP

Client Copy

MW
6/10/23

Final Copy Signed & Initialled

6 October 2023

J D WETHERSPOON PLC
PRELIMINARY RESULTS
(For the 52 weeks ended 30 July 2023)

FINANCIAL HIGHLIGHTS	Var %
Before separately disclosed	
• Like-for-like sales	+12.7%
• Revenue £1,925.0m (2022: £1,740.5m)	+10.6%
• Profit/(loss) before tax £42.6m (2022: -£30.4m)	-ve to +ve
• Operating profit £107.1m (2022: £25.7m)	+316.7%
• Diluted earnings/(losses) per share 26.4p (2022: -19.6p)	-ve to +ve
• Free cash inflow per share 211.4p (2022: 17.3p)	+1,122%
• Full year dividend 0.0p (2022: 0.0p)	-
After separately disclosed[1]	
• Profit before tax £90.5m (2022: £26.3m)	+244.1%
• Operating profit £106.0m (2022: £55.1m)	+92.4%
• Diluted earnings per share 46.5p (2022: 15.0p[2])	+210%

[1]Separately disclosed items as disclosed in note 4.
[2]Restated, see note 8.

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

"Wetherspoon continues to perform well. In the first nine weeks of the current financial year, to 1 October 2023, like-for-like sales increased by 9.9%, compared with the nine weeks to 2 October 2022.

"As we said last year, perhaps the biggest threat to the hospitality industry is the possibility of further lockdowns and restrictions.

"Those interested in the UK Government's 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 54-56 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 prepandemic 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 company currently anticipates a reasonable outcome for the financial year, subject to our future sales performance.

Enquiries:

John Hutson	Chief Executive Officer	01923 477777
Ben Whitley	Finance Director	01923 477777
Eddie Gershon	Company spokesman	07956 392234

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

Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed and the Company aims to maintain them in excellent condition.
2. Visit our website jdwetherspoon.com
3. The financial information set out in the announcement does not constitute the company's statutory accounts for the periods ended 30 July 2023 or 31 July 2022. The financial information for the period ended 31 July 2022 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors have reported on those accounts: their report was unqualified, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. Statutory accounts for 2023 will be delivered to the registrar of companies in due course. This announcement has been prepared solely to provide additional information to the shareholders of J D Wetherspoon, in order to meet the requirements of the UK Listing Authority's Disclosure and Transparency Rules. It should not be relied on by any other party, for other purposes. Forward-looking statements have been made by the directors in good faith using information available up until the date that they approved this statement. Forward-looking statements should be regarded with caution because of inherent uncertainties in economic trends and business risks.
4. The annual report and financial statements 2023 has been published on the Company's website on 06 October 2023.
5. The current financial year comprises 52 trading weeks to 28 July 2024.
6. The next trading update will be issued on 8 November 2023.

CHAIRMAN'S STATEMENT

Financial performance

The company was founded in 1979 – and this is the 40th year since incorporation in 1983. The table below outlines some key aspects of our performance during that period.

Summary accounts for the years 1984-2023

Financial year	Total number of pubs (Sites)	Total sales £000	Profit/(loss) before tax and exceptional items £000	Earnings per share before separately disclosed items pence[1]	Free cash flow £000	Free cash flow per share pence[2,3]
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[3]	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
2023[3]	826	1,925,044	42,559	26.4	271,095	211.4

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. EPS and free cash flow per share are calculated using dilutive shares in issue.
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 in the annual report. The free cash flow calculation can be found on the cash flow statement.

Comparison to Pre-Pandemic Period (FY19)

The sales recovery, following the pandemic, continued in FY23.

Like-for-like sales for the financial year increased by 7.4% (FY22: -4.7%), compared to FY19. Bar sales increased by 2.1%, food sales by 13.7%, slot/fruit machine sales by 43.0% and hotel sales by 15.4%.

Like-for-like sales, compared to FY19, have continued to improve in the first 9 weeks of the current financial year (FY24) and are 17.3% ahead of the equivalent 9-week period.

The comparisons in the remainder of this statement are with the previous financial year, which ended on 31 July 2022.

Cash flow

Free cash flow, including pre-tax proceeds of approximately £169 million from the sale of the majority of the company's interest rate swaps, was £271.1 million (2022: £21.9 million).

Excluding the proceeds from the swaps, free cash flow was approximately £102 million.

Free cash flow was calculated after capital payments of £47.0 million for existing pubs (2022: £45.9 million), £12.3 million for share purchases for employees (2022: £12.8 million) and payments of tax and interest.

Balance sheet

Wetherspoon's balance sheet is significantly stronger than it was in the period before the pandemic.

Debt levels, excluding IFRS-16 lease debt, have decreased by £163 million since January 2020, just before the first lockdown, to £641.9 million.

This reduction has been achieved after investments in freehold reversions (pubs where Wetherspoon was previously the tenant) of £81.7 million and £108.5 million in new pubs.

During the pandemic, the company raised a total of £229 million of new equity.

On an IFRS-16 basis, which includes notional debt from leases, debt decreased from £1.45 billion to £1.06 billion between January 2020 and the end of FY23.

Trading summary

Total sales for FY23 were £1,925 million, an increase of 10.6%, compared to the 53 weeks ended 31 July 2022.

Like-for-like sales, compared to FY22, increased by 12.7%. Like-for-like bar sales increased by 9.0%, food sales by 17.7%, slot/fruit machine sales by 26.4% and hotel rooms by 11.8%.

The operating profit, before separately disclosed items, was £107.1 million (2022: £25.7 million). The operating margin, before separately disclosed items, was 5.6% (2022: 1.5%).

The profit before tax and separately disclosed items was £42.6 million (2022: £30.4 million loss), including property gains of £2.2 million (2022: £2.1 million).

In the year, the company sold 13 pubs, terminated the leases of 14 pubs, and closed 4 pubs. This gave rise to a cash inflow of £7.0 million after associated fees. There was a loss on disposal of £9.4 million, recognised in the income statement, relating to these pubs.

Earnings per share before separately disclosed items, were 27.0p (2022: losses per share of 19.6p).

Total capital investment was £78.5 million (2022: £122.7 million). £20.4 million was invested in new pubs and pub extensions (2022: £51.1 million), £47.0 million in existing pubs and IT (2022: £45.9 million) and £11.2 million in freehold reversions of properties where Wetherspoon was the tenant (2022: £25.8 million).

Separately disclosed items

Overall, there was a pre-tax 'separately disclosed gain' of £48.0 million (2022: £56.7 million).

There was a £97.7 million gain related to the fair value movement of interest rate swaps; a £9.4 million charge relating to the disposal of pubs; and a £38.3 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.

Although there have been a number of impairments over the years in respect of individual properties, the book value of the company's assets is £1.38 billion, which is approximately eight times the company's EBITDA of £170 million. There are many pubs in the estate where expected future cash flows would result in a valuation which is considerably in excess of book value. However, accounting rules do not take account of these potential valuations.

This historical cost accounting approach can also create anomalies in pub valuations.

For example, one pub in South London has made an estimated return on equity, since opening over 20 years ago, after all costs including interest and tax, of £4.4 million; yet its valuation has been impaired due to low profitability in the aftermath of the pandemic.

Dividends and return of capital

The board has not recommended the payment of a final dividend (2022: £0). There have been no share buybacks in the financial year to date (2022: £0).

Financing

As at 30 July 2023, the company's total net debt, excluding derivatives and lease liabilities, was £641.9 million (2022: £891.7 million), a decrease of £249.8 million.

In November 2022, the company repaid government "CLBILS" loans of £100 million, which had been due to mature in August 2023. The company has total available finance facilities of £983 million.

The company has interest rate swaps in place in respect of £200 million, from August 2023 to February 2025. The swap rate currently being paid, excluding the banks' margin, is 5.67%. The total cost of the company's debt, in the year under review, including the banks' margin was 6.25%.

Property

The company opened three pubs during the year and sold, closed or terminated the leases of 31 pubs. The company had a trading estate of 826 pubs at the financial year end.

In the last 12 years, the company has increased the ratio of freehold pubs it owns from 43% to 70%, as a result of investment in freehold reversions and opening freehold pubs.

As indicated above, at 30 July 2023, the net book value of the property, plant and equipment of the company was £1.38 billion.

The properties have not been revalued since 1999.

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Taxation

The total tax charge is £8.7 million in respect of profits before separately disclosed items (2022: £5.6 million credit).

The total tax charge comprises two parts. The first part is the actual current tax (the 'cash' tax) which this year is nil (2022: nil) because of losses carried forward from prior years.

The second part is deferred tax (the 'accounting' tax), which is tax payable in future periods, that must be recognised in the current period for accounting purposes. The accounting tax charge in the year is £8.7 million (2022: £5.6 million credit).

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.

Business rates transmogrified to a sales tax

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 tenant's trade – has been undermined.

Similar issues are evident in Galashiels, Arbroath, Anniesland – and, indeed, at 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**

In summary, as a result of the approach taken in Scotland, business rates for pubs are de facto a sales tax, rather than a property tax, as the above examples clearly demonstrate.

VAT equality

As we have previously stated, the government would generate more revenue and jobs if it were to create tax equality among supermarkets, pubs and restaurants.

Supermarkets pay virtually no VAT in respect of food sales, whereas pubs pay 20%. This has enabled supermarkets to subsidise the price of alcoholic drinks, widening the price gap, to the detriment of pubs and restaurants. Pubs also pay around 20 pence a pint in business rates, whereas supermarkets pay only about 2 pence, creating further inequality.

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

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

As a result, in these less affluent areas, there are often fewer pubs, coffee shops and restaurants, with less employment and increased high-street dereliction. Tax equality would also be in line with the principle of fairness – 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.

In the financial year ended 30 July 2023, the company generated taxes of £760.2 million.

The table below shows the £6.0 billion of tax revenue generated by the company, its staff and customers in the last 10 years. Each pub, on average, generated £6.8 million in tax during that period. The tax generated by the company, during this 10-year period, equates to approximately 25 times the company's profits after tax.

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	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	TOTAL 2014 to 2023 £m
VAT	372.3	287.7	93.8	244.3	357.9	332.8	323.4	311.7	294.4	275.1	**2,893.4**
Alcohol duty	166.1	158.6	70.6	124.2	174.4	175.9	167.2	164.4	161.4	157	**1,519.8**
PAYE and NIC	124.0	141.9	101.5	106.6	121.4	109.2	96.2	95.1	84.8	78.4	**1,059.1**
Business rates	49.9	50.3	1.5	39.5	57.3	55.6	53	50.2	48.7	44.9	**450.9**
Corporation tax	12.2	1.5	-	21.5	19.9	26.1	20.7	19.9	15.3	18.4	**155.5**
Corporation tax credit (historic capital allowances)	-	-	-	-	-	[illegible]		-	-2	-	**-2.0**
Fruit/slot machine duty	15.7	12.8	4.3	9	11.6	10.5	10.5	11	11.2	11.3	**107.9**
Climate change levies	11.1	9.7	7.9	10	9.6	9.2	9.7	8.7	6.4	6.3	**88.6**
Stamp duty	0.9	2.7	1.8	4.9	3.7	1.2	5.1	2.6	1.8	2.1	**26.8**
Sugar tax	3.1	2.7	1.3	2	2.9	0.8	-	-	-	-	**12.8**
Fuel duty	1.9	1.9	1.1	1.7	2.2	2.1	2.1	2.1	2.9	2.1	**20.1**
Apprenticeship levy	2.5	2.2	1.9	1.2	1.3	1.7	0.6	-	-	-	**11.4**
Carbon tax	-	-	-	-	1.9	3	3.4	3.6	3.7	2.7	**18.3**
Premise licence and TV licences	0.5	0.5	0.5	1.1	0.8	0.7	0.8	0.8	1.6	0.7	**8.0**
Landfill tax	-	-	-	-	-	1.7	2.5	2.2	2.2	1.5	**10.1**
Furlough tax	-	-4.4	-213	-124.1	-	[illegible]	-	-	-	-	**-341.5**
Eat Out to Help Out		-	-23.2	-	-	-	-	-	-	-	**-23.2**
Local government grants	-	-1.4	-11.1	-	-	-	-	-	-	-	**-12.5**
TOTAL TAX	**760.2**	**666.7**	**38.9**	**441.9**	**764.9**	**730.5**	**695.2**	**672.3**	**632.4**	**600.5**	**6,003.5**
TAX PER PUB (£m)	**0.92**	**0.78**	**0.05**	**0.51**	**0.87**	**0.83**	**0.78**	**0.71**	**0.67**	**0.66**	**6.78**
TAX AS % OF NET SALES	**39.5%**	**38.3%**	**5.0%**	**35.0%**	**42.1%**	**43.1%**	**41.9%**	**42.1%**	**41.8%**	**42.6%**	**39.0.%**
PROFIT/(LOSS) AFTER TAX	**33.8**	**-24.9**	**-146.5**	**-38.5**	**79.6**	**83.6**	**76.9**	**56.9**	**57.5**	**58.9**	**237.3**

Note – this table is prepared on a cash basis. IFRS-16 from FY20 onwards.

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 2008-10 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.
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 £36.0 million in respect of bonuses and free shares to employees in the period ended 31 July 2023, of which 98.6% was paid to staff below board level and 83.4% 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 £22.2 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.

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Financial year	Bonus and free shares £m	Profit/(loss) after tax[1] £m	Bonus and free shares as % of profits
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)	-
2023	36	34	106%
Total	**503**	**591**	**53%[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. Before 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 are 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 (Years)	Average kitchen manager length of service (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
2023	14.3	10.6

Food Hygiene Ratings

Wetherspoon has always emphasised the importance of hygiene standards.

We now have 753 pubs rated on the Food Standards Agency's website (see table below). The average score is 4.99, with 99.2% 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
2023	753	4.99	99.2

Property litigation

In 2013, Wetherspoon agreed an out-of-court settlement of approximately £1.25 million with developer Anthony Lyons, formerly of property leisure agent Davis Coffer Lyons, relating to claims 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 in respect of properties in Leytonstone (which currently trades as the Walnut Tree), Newbury (which was leased to Café Rouge) and Portsmouth (which currently trades as The Isambard Kingdom Brunel).

Of these three properties, only Portsmouth was pleaded by Wetherspoon in its case 2008/9 case against Van de Berg. Mr Lyons denied the claim and the litigation was contested.

In the Van de Berg litigation, Mr Justice Peter Smith ruled that Van de Berg, but not Mr Lyons (who was not a party to the case), fraudulently diverted the freehold of Portsmouth from Wetherspoon to Moorstown Properties Limited, a company owned by Simon Conway, which leased the property to Wetherspoon.

As part of a series of cases, Wetherspoon also agreed out-of-court settlements with:

1) Paul Ferrari of London estate agent Ferrari Dewe & Co, in respect of properties referred to as the 'Ferrari Five' by Mr Justice Peter Smith in the Van de Berg case, and

2) Property investor Jason Harris, formerly of First London and now of First Urban Group who paid £400,000 to to Wetherspoon to settle a claim in which it was alleged that Harris was an accessory to frauds committed by Van de Berg. Harris contested the claim and did not admit liability.

Messrs Ferrari and Harris both contested the claims and did not admit liability.

Press corrections

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

In order to try to set the record straight, a special edition of Wetherspoon News was published, which includes details of the resulting apologies and corrections. It 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 retired from the Wetherspoon board on the 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 also retired from the board at last year's AGM, after 13 years as a non-executive director of the company, latterly as head of the nominations committee.

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

Pubwatch

Pubwatch is a forum which 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 antisocial activity.

Wetherspoon pubs are members of 538 schemes country wide.

The company also helps to fund National Pubwatch, founded in 1997 by just two licensees and a police office. This is the umbrella organisation which helps to set up, co-ordinate and support local schemes.

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

Conversely, we have found, in several 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 antisocial behaviour.

In our view, Pubwatch is integral to making towns and cities a safe environment for everyone.

Current trading and outlook

Wetherspoon continues to perform well. In the first 9 weeks of the current financial year, to 1 October 2023, like-for-like sales increased by 9.9%, compared to the 9 weeks to 2 October 2022.

As we said last year, perhaps the biggest threat to the hospitality industry is the possibility of further lockdowns and restrictions.

Those interested in the UK Government's 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 54-56 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 prepandemic 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 company currently anticipates a reasonable outcome for the financial year, subject to our future sales performance.

INCOME STATEMENT for the 52 weeks ended 30 July 2023

J D Wetherspoon plc, company number: 1709784

	Notes	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 separately disclosed items £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 separately disclosed items £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Revenue	1	**1,925,044**	**-**	**1,925,044**	1,740,477	-	1,740,477
Other operating (costs)/income		**-**	**(1,022)**	**(1,022)**	-	29,384	29,384
Operating costs		**(1,817,982)**	**-**	**(1,817,982)**	(1,714,757)	-	(1,714,757)
Operating profit/(loss)		**107,062**	**(1,022)**	**106,040**	25,720	29,384	55,104
Property gains/(losses)	3	**2,231**	**(47,712)**	**(45,481)**	2,142	(24,526)	(22,384)
Finance income	6	**1,351**	**97,724**	**99,075**	531	52,859	53,390
Finance costs	6	**(68,085)**	**(1,038)**	**(69,123)**	(58,841)	(1,000)	(59,841)
Profit/(loss) before tax		**42,559**	**47,952**	**90,511**	(30,448)	56,717	26,269
Income tax (charge)/credit	7	**(8,734)**	**(22,190)**	**(30,924)**	5,560	(12,562)	(7,002)
Profit/(loss) for the period		**33,825**	**25,762**	**59,587**	(24,888)	44,155	19,267
Profit/(loss) per ordinary share (p)							
- Basic	8	**27.0**	**20.5**	**47.5**	(19.6)	34.8	15.2
- Diluted[1]	8	**26.4**	**20.1**	**46.5**	(19.6)	34.6	15.0

[1] Restated, see note 8.

STATEMENT OF COMPREHENSIVE INCOME for the 52 weeks ended 30 July 2023

	Notes	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Items which will be reclassified subsequently to profit or loss:			
Interest-rate swaps: gain taken to other comprehensive income		**37,529**	48,452
Interest-rate swaps: loss reclassification to the income statement		**(13,310)**	(4,332)
Tax on items taken directly to other comprehensive income	7	**(6,055)**	(11,051)
Currency translation differences		**1,633**	(1,474)
Net gain recognised directly in other comprehensive income		**19,797**	31,595
Profit for the period		**59,587**	19,267
Total comprehensive profit for the period		**79,384**	50,862

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CASH FLOW STATEMENT for the 52 weeks ended 30 July 2023

J D Wetherspoon plc, company number: 1709784

	Notes	52 weeks ended 30 July 2023 £000	free cash flow[1] 52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000	free cash flow 53 weeks ended 31 July 2022 £000
Cash flows from operating activities					
Cash generated from operations	9	**270,686**	**270,686**	178,510	178,510
Interest received	6	**1,011**	**1,011**	97	97
Interest paid	6	**(50,545)**	**(50,545)**	(41,044)	(41,044)
Cash proceeds on termination of interest-rate swaps		**169,413**	**169,413**	–	–
Corporation tax paid		**(12,200)**	**(12,200)**	(715)	(715)
Lease interest		**(15,954)**	**(15,954)**	(17,501)	(17,501)
Net cash flow from operating activities		**362,411**	**362,411**	119,347	119,347
Cash flows from investing activities					
Reinvestment in pubs		**(41,646)**	**(41,646)**	(42,777)	(42,777)
Reinvestment in business and IT projects		**(5,315)**	**(5,315)**	(3,113)	(3,113)
Investment in new pubs and pub extensions		**(20,361)**	**–**	(51,083)	–
Freehold reversions and investment properties		**(11,202)**	**–**	(25,773)	–
Proceeds of sale of property, plant and equipment		**11,349**	**–**	10,547	–
Net cash flow from investing activities		**(67,175)**	**(46,961)**	(112,199)	(45,890)
Cash flows from financing activities					
Purchase of own shares for share-based payments		**(12,332)**	**(12,332)**	(12,808)	(12,808)
Loan issue cost		**–**	**–**	(192)	(192)
Advances/(repayments) under bank loans		**(200,033)**	**–**	50,000	–
Other loan receivables		**889**	**–**	(3,542)	–
Lease principal payments		**(32,023)**	**(32,023)**	(38,535)	(38,535)
Asset-financing principal payments		**(4,911)**	**–**	(7,132)	–
Net cash flow from financing activities		**(248,410)**	**(44,355)**	(12,209)	(51,535)
Net change in cash and cash equivalents		**46,826**		(5,061)	
Opening cash and cash equivalents		**40,347**		45,408	
Closing cash and cash equivalents		**87,173**		40,347	
Free cash flow[1]			**271,095**		21,922

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

BALANCE SHEET as at 30 July 2023

J D Wetherspoon plc, company number: 1709784	Notes	30 July 2023 £000	31 July 2022 £000
Assets			
Non-current assets			
Property, plant and equipment	13	**1,377,816**	1,426,862
Intangible assets	12	**6,505**	5,409
Investment property	14	**18,740**	23,364
Right-of-use assets		**387,353**	419,416
Other loan receivable		**1,986**	2,739
Derivative financial instruments		**11,944**	61,367
Lease assets		**8,450**	9,264
Total non-current assets		**1,812,794**	1,948,421
Current assets			
Lease assets		**1,361**	2,001
Assets held for sale		**400**	800
Inventories		**34,558**	26,402
Receivables		**27,267**	29,400
Current income tax receivables		**8,351**	2,000
Cash and cash equivalents		**87,173**	40,347
Total current assets		**159,110**	100,950
Total assets		**1,971,904**	2,049,371
Current liabilities			
Borrowings		**(4,200)**	(5,137)
Derivative financial instruments		**(78)**	–
Trade and other payables		**(329,098)**	(282,481)
Provisions		**(2,395)**	(2,661)
Lease liabilities		**(51,486)**	(48,471)
Total current liabilities		**(387,257)**	(338,750)
Non-current liabilities			
Borrowings		**(727,643)**	(930,404)
Derivative financial instruments		**–**	(2,031)
Deferred tax liabilities		**(65,752)**	(34,718)
Lease liabilities		**(391,794)**	(421,583)
Total non-current liabilities		**(1,185,189)**	(1,388,736)
Total liabilities		**(1,572,446)**	(1,727,486)
Net assets		**399,458**	321,885
Shareholders' equity			
Share capital		**2,575**	2,575
Share premium account		**143,170**	143,294
Capital redemption reserve		**2,337**	2,337
Other reserves		**234,579**	234,579
Hedging reserve		**31,781**	13,617
Currency translation reserve		**2,148**	(144)
Retained earnings		**(17,132)**	(74,373)
Total shareholders' equity		**399,458**	321,885

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserves £000	Hedging reserve £000	Currency translation reserve £000	Retained earnings £000	Total £000
As 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
Loss for the period		-	-	-	-	-	-	19,267	19,267
Interest-rate swaps: cash flow hedges		-	-	-	-	48,452	-	-	48,452
Interest-rate swaps: amount reclassified to the income statement		-	-	-	-	(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**
Total comprehensive income		-	-	-	-	18,164	2,292	58,928	79,384
Profit for the period		-	-	-	-		-	59,587	59,587
Interest-rate swaps: cash flow hedges		-	-	-	-	37,529	-	-	37,529
Interest-rate swaps: amount reclassified to the income statement		-	-	-	-	(13,310)	-	-	(13,310)
Tax on items taken directly to comprehensive income	7	-	-	-	-	(6,055)	-	-	(6,055)
Currency translation differences		-	-	-	-	-	2,292	(659)	1,633
Share capital expenses		-	(124)	-	-	-	-	-	(124)
Share-based payment charges		-	-	-	-	-	-	10,545	10,545
Tax on share-based payment		-	-	-	-	-	-	100	100
Purchase of own shares for share-based payments		-	-	-	-	-	-	(12,332)	(12,332)
At 30 July 2023		**2,575**	**143,170**	**2,337**	**234,579**	**31,781**	**2,148**	**(17,132)**	**399,458**

The share premium account represents those proceeds received in excess of the nominal value of new shares issued. £124,000 has been recognised during the year (2022: nil) in relation to the issue of shares in previous periods.

The capital redemption reserve represents the nominal amount of share capital repurchased and cancelled in previous periods.

Other reserves contain net proceeds received for share placements which took place in previous periods. The other reserve as used as this is determined to be distributable for the purposes of the Companies Act 2006.

See note 22 for details on the hedging reserve within the accounts.

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 30 July 2023, the company had distributable reserves of £251.4 million (2022: £173.7 million).

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Bar	**1,093,368**	1,024,677
Food	**742,067**	639,683
Slot/fruit machines	**62,579**	51,639
Hotel	**24,939**	22,848
Other	**2,091**	1,630
	1,925,044	1,740,477

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

This is stated after charging/(crediting):	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Variable concession rental payments	**16,980**	8,799
Short-term leases	**504**	10
Cancelled principal payments	**-**	(4,726)
Repairs and maintenance	**94,011**	101,520
Net rent receivable	**(2,506)**	(2,001)
Share-based payments (note 5)	**10,546**	5,874
Depreciation of property, plant and equipment (note 13)	**70,173**	71,227
Amortisation of intangible assets (note 12)	**1,827**	3,240
Depreciation of investment properties (note 14)	**185**	87
Amortisation of right-of-use assets	**37,556**	42,291

Analysis of continuing operations	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Revenue	**1,925,044**	1,740,477
Cost of sales[1]	**(1,765,970)**	(1,640,202)
Gross profit	**159,074**	100,275
Administration costs	**(53,034)**	(45,171)
Operating profit/(loss) after separately disclosed items	**106,040**	55,104

[1]Included in cost of sales is £654.3 million (2022: £599.8 million) relating to cost of inventory recognised as expense.

Auditor's remuneration	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Fees payable for the audit of the financial statements		
- Audit fees	**560**	415
- Additional audit work (for previous year audit)	**50**	85
Fees payable for other services		
- Audit related services (interim audit procedures)	**82**	55
Total auditor's fee	**692**	555

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3. Property losses and gains

	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 separately disclosed items (note 4) £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 separately disclosed items (note 4) £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Disposals						
Fixed assets	–	8,136	8,136	3,492	(16)	3,476
Leases	–	(1,404)	(1,404)	(7,368)	–	(7,368)
Additional costs of disposal	42	2,693	2,735	1,857	112	1,969
	42	9,425	9,467	(2,019)	96	(1,923)
Impairments						
Property, plant and equipment (note 13)	–	35,966	35,966	–	22,871	22,871
Reversal of property, plant and equipment (note 13)	–	(5,430)	(5,430)	–	(3,420)	(3,420)
Investment properties (note 14)	–	4,448	4,448	–	1,015	1,015
Intangible assets Impairment reversal	–	(74)	(74)	–	–	–
Right-of-use assets	–	3,377	3,377	–	3,964	3,964
	–	38,287	38,287	–	24,430	24,430
Other						
Other property gains	(1,409)	–	(1,409)	(123)	–	(123)
Leases	(864)	–	(864)	–	–	–
	(2,273)	–	(2,273)	(123)	–	(123)
Total property losses/(gains)	(2,231)	47,712	45,481	(2,142)	24,526	22,384

4. Separately disclosed items

	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Operating items		
Rank settlement	–	(27,771)
Local government support grants	(54)	(1,443)
Duty drawback	–	(170)
Operating income	**(54)**	(29,384)
Other	1,076	–
Operating costs	**1,076**	–
Total operating (profit)/loss	**1,022**	(29,384)
Property losses		
Loss on disposal of pubs	9,425	96
	9,425	96
Other property losses		
Impairment of assets under construction	–	2,215
Impairment of intangible assets	(74)	–
Impairment of property, plant and equipment	35,966	19,904
Reversal of property, plant and equipment impairment	(5,430)	(2,668)
Impairment of investment properties	4,448	1,015
Impairment of right of use assets	3,377	3,964
	38,287	24,430
Total property losses	**47,712**	24,526
Other items		
Finance costs	1,038	1,000
Finance income	(97,724)	(52,859)
	(96,686)	(51,859)
Taxation		
Other tax Items	–	(2,102)
Tax effect on separately disclosed items	22,190	14,664
	22,190	12,562
Total separately disclosed items	**(25,762)**	**(44,155)**

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

Local government support grants
The company has recognised £54,000 (2022: £1,443,000) of local government support grants in the UK and the Republic of Ireland, associated with the COVID-19 pandemic.

Duty drawback
In the previous year, a credit of £170,000 was recognised for duty drawback was received for perished stock during the period in relation to the COVID-19 lockdown in the UK.

Other operating costs
As outlined in note 29 of the accounts, the company is in an ongoing contractual dispute with a large supplier. Costs of £1,076,000 have been recognised in relation to this dispute.

4. Separately disclosed items (continued)

Property losses
In the table on the previous page, those costs classified under the 'separately disclosed property losses' relate to the loss on disposal of sites sold during the year.

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 £35,966,345 (2022: £19,904,000) was incurred in respect of the of property, plant and equipment and £3,377,000 (2022: £3,964,000) was incurred in respect of right of use assets, as required under IAS 36. There were impairment reversals of £5,430,153 recognised in the year (2022: £2,668,000).

In the year, a total impairment charge of £4,448,441 (2022: £1,015,000) was incurred in respect of the impairment of our investment properties.

There was no impairment charge relating to assets under construction (2022: £2,215,000).

Separately disclosed finance costs
The separately disclosed finance costs of £1,038,000 relate to covenant-waiver fees (2022: £1,000,000).

Separately disclosed finance income
The company has separately disclosed finance income of £97,724,000 (2022: £52,859,000). £71,124,000 (2022: £48,527,000) relates to the fair value on interest-rate swaps recognised in the P&L, £13,290,000 (2022: £8,143,000) relates to hedge ineffectiveness at termination, based on highly probable cash flows and £13,310,000 (2022: £3,802,000) relates to the amortisation of the hedge reserve to the P&L relating to discontinued hedges. See note 22 in the accounts.

Taxation
The tax effect on separately disclosed items is a charge of £22,190,000 (2022: £14,664,000) and relates primarily to; derivative contracts (£16,345,000 charge) (2022: £10,009,000).

5. Employee benefits expenses

	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Wages and salaries	**668,397**	639,366
Employee support grants	**(768)**	(4,473)
Social security costs	**41,262**	41,637
Other pension costs	**10,675**	9,657
Share-based payments	**10,545**	5,874
	730,111	692,061

Directors' emoluments	**2023 £000**	2022 £000
Aggregate emoluments	**1,788**	1,984
Aggregate amount receivable under long-term incentive schemes	**455**	527
Company contributions to money purchase pension scheme	**173**	195
	2,416	2,706

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 and details on the number of directors' accruing a pension, please see the directors' remuneration report on pages 67-75 of the annual report.

5. Employee benefits expenses (continued)

	2023 Number	2022 Number
Full-time equivalents		
Head office	**362**	332
Pub managerial	**4,549**	4,648
Pub hourly paid staff	**19,539**	19,791
	24,450	24,771

	2023 Number	2022 Number
Total employees		
Head office	**379**	342
Pub managerial	**4,678**	4,757
Pub hourly paid staff	**37,151**	37,028
	42,208	42,127

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

Share - based payments	52 weeks ended 30 July 2023	53 weeks ended 31 July 2022
Shares awarded during the year (shares)	**3,627,591**	2,048,275
Average price of shares awarded (pence)	**534**	909
Market value of shares vested during the year (£000)	**1,464**	7,122
Share awards not yet vested (£000)	**16,632**	11,275

For details of the share incentive plan and the deferred bonus scheme, refer to the directors' remuneration report on pages 67-75 of the annual report.

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.

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6. Finance income and costs

	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Finance costs		
Interest payable on bank loans and overdrafts	43,469	22,869
Amortisation of bank loan issue costs (note 10)	1,246	1,983
Interest payable on swaps	1,894	9,220
Interest payable on asset-financing	205	448
Interest payable on private placement	4,977	6,238
Finance costs excluding lease interest	51,791	40,758
Interest payable on leases	16,294	18,083
Total finance costs	68,085	58,841
Bank interest receivable	(1,011)	(103)
Lease interest receivable	(340)	(428)
Total finance income	(1,351)	(531)
Net finance costs before separately disclosed items	66,734	58,310
Separately disclosed finance costs (note 4)	1,038	1,000
Separately disclosed finance income (note 4)	(97,724)	(52,859)
	(96,686)	(51,859)
Net finance (income)/costs after separately disclosed items	(29,952)	6,451

7. Income tax expense

(a) Tax on profit/(loss) on ordinary activities

The standard rate of corporation tax in the UK is 25.0%, having increased from 19% on 1 April 2023. The company's profits for the accounting period are taxed at a rate of 21.0% (2022: 19.0%) being the blended tax rate applicable in the period.

	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 separately disclosed items (note 4) £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 separately disclosed items (note 4) £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Taken through income statement						
Current income tax:						
Current income tax charge	–	5,552	5,552	22	–	22
Previous period adjustment	–	293	293	–	2	2
Total current income tax	–	5,845	5,845	22	2	24
Deferred tax:						
Origination and reversal of temporary differences	13,602	16,345	29,947	(4,529)	14,662	10,133
Prior year deferred tax credit	(4,868)	-	(4,868)	(1,053)	–	(1,053)
Impact of change in UK tax rate	–	-	-	–	(2,102)	(2,102)
Total deferred tax	8,734	16,345	25,079	(5,582)	12,560	6,978
Tax charge/(credit)	8,734	22,190	30,924	(5,560)	12,562	7,002

	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 separately disclosed items (note 4) £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 separately disclosed items (note 4) £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Taken through equity						
Current tax	–	–	–	(2)	–	(2)
Deferred tax	(100)	–	(100)	22	–	22
Tax (credit)/charge	(100)	–	(100)	20	–	20

	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 separately disclosed items (note 4) £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 separately disclosed items (note 4) £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Taken through comprehensive income						
Deferred tax charge on swaps	–	6,055	6,055	8,404	–	8,404
Impact of change in UK tax rate	–	–	–	2,647	–	2,647
Tax charge	–	6,055	6,055	11,051	–	11,051

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

(b) Reconciliation of the total tax charge

The taxation charge for the 52 weeks ended 30 July 2023 is based on the pre-separately disclosed profit before tax of £42.6 million and the estimated effective tax rate before separately disclosed items for the 52 weeks ended 30 July 2023 of 20.5% (July 2022: 18.3%). This comprises a pre- separately disclosed current tax rate of 0% (July 2022: 0.1%) and a pre- separately disclosed deferred tax charge of 20.5% (July 2022: 18.3% charge).

The UK standard weighted average tax rate for the period is 21% (2022:19%). The current tax rate is lower than the UK standard weighted average tax rate owing to tax losses brought forward and previously disallowed interest being deductible in the period.

	52 weeks ended 30 July 2023 Before separately disclosed items £000	52 weeks ended 30 July 2023 After separately disclosed items £000	53 weeks ended 31 July 2022 Before separately disclosed items £000	53 weeks ended 31 July 2022 After separately disclosed items £000
Profit/(loss) before income tax	**42,559**	**90,511**	(30,448)	26,269
Profit/(loss) multiplied by the UK standard rate of corporation tax of 21.0% (2022: 19.0%)	**8,937**	**19,008**	(5,785)	4,991
Abortive acquisition costs and disposals	**427**	**427**	498	498
Expenditure not allowable	**711**	**711**	1,001	1,001
Fair value movement on SWAP disregarded for tax	**(2,599)**	**484**	–	34
Other allowable deductions	**(13)**	**(13)**	168	(9)
Non-qualifying depreciation and loss on disposal	**5,875**	**8,489**	60	4,105
Capital gains - effect of reliefs	**1,175**	**1,175**	396	380
Share options and SIPs	**188**	**188**	(669)	(669)
Deferred tax on balance-sheet-only items	**(182)**	**(182)**	(162)	(162)
Effect of different tax rates and unrecognised losses in overseas companies	**2,871**	**2,871**	(14)	(14)
Rate change adjustment	**(3,788)**	**2,341**	–	(2,102)
Previous year adjustment – current tax	**-**	**293**	–	2
Previous year adjustment – deferred tax	**(4,868)**	**(4,868)**	(1,053)	(1,053)
Total tax expense/(income) reported in the income statement	**8,734**	**30,924**	(5,560)	7,002

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7. Income tax expense (continued)

(c) Deferred tax

The deferred tax in the balance sheet is as follows:

The main rate of corporation tax increased to 25% on 1 April 2023. Deferred tax balances have been recognised at the rate they are expected to reverse.

Deferred tax liabilities	Accelerated tax depreciation £000	Other temporary differences £000	Interest-rate swap £000	Total £000
At 31 July 2022	**50,788**	**5,518**	**14,834**	**71,140**
Previous year movement posted to the income statement	(3,392)	157	(1,629)	(4,863)
Movement during year posted to the income statement	2,652	1,162	7,772	11,586
Movement during year posted to comprehensive income	-	-	6,055	6,055
At 30 July 2023	**50,048**	**6,837**	**27,032**	**83,918**

Deferred tax assets	Share-based payments	Tax losses & interest capacity carried forward £000	Interest-rate swap £000	Total £000
At 31 July 2022	**646**	**35,776**	**-**	**36,422**
Previous year movement posted to the income statement	-	5	-	5
Movement during year posted to the income statement	298	(18,659)		(18,361)
Movement during year posted to equity	100	-	-	100
At 30 July 2023	**1,044**	**17,122**	**-**	**18,166**

The company has recognised deferred tax assets of £18.2 million (2022: £36.4 million), which are expected to be offset against future profits. This includes a deferred tax asset of £17.1 million (2022: £35.8 million), in respect of UK tax losses. Included within other temporary differences is £6.8 million (2022: £5.5 million) of chargeable gains rolled over on the acquisition of new assets.

Deferred tax assets and liabilities have been offset as follows:

	2023 £000	2022 £000
Deferred tax liabilities	**83,918**	71,140
Offset against deferred tax assets	**(18,166)**	(36,422)
Deferred tax liabilities	**65,752**	34,718
Deferred tax assets	**18,166**	36,422
Offset against deferred tax liabilities	**(18,166)**	(36,422)
Deferred tax asset	**-**	-

As at 30 July 2023, the company had a potential deferred tax asset of £9.7 million (2022: £10.9 million) relating to capital losses (gross tax losses £34.5 million (2022: £35.0 million)) and tax losses in the Republic of Ireland (gross tax losses £24.2 million (2022: £18.4 million)). 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.

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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 (2022: 128,750,155) less the weighted average number of shares held in trust during the financial year of 3,296,278 (2022: 1,924,810). 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. 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	**52 weeks ended 30 July 2023**	53 weeks ended 31 July 2022
Shares in issue	**128,750,155**	128,750,155
Shares held in trust	**(3,296,278)**	(1,924,810)
Shares in issue - Basic	**125,453,877**	**126,825,345**
Dilutive shares[1]	**2,810,231**	1,866,335
Shares in issue - Diluted[1]	**128,264,108**	**128,691,680**

Earnings / (loss) per share

52 weeks ended 30 July 2023	**Profit/(loss) £000**	**Basic EPS pence**	**Diluted EPS pence**
Earnings (profit after tax)	**59,587**	47.5	46.5
Exclude effect of separately disclosed items after tax	**(25,762)**	(20.5)	(20.1)
Earnings before separately disclosed items	**33,825**	27.0	26.4
Exclude effect of property gains/(losses)	**(2,231)**	(1.8)	(1.7)
Underlying earnings before separately disclosed items	**31,594**	25.2	24.7

53 weeks ended 31 July 2022	Profit/(loss) £000	Basic EPS pence	Diluted EPS Pence
Earnings (profit after tax)[1]	19,267	15.2	15.0
Exclude effect of separately disclosed items after tax[1]	(44,155)	(34.8)	(34.6)
Earnings before separately disclosed items	(24,888)	(19.6)	(19.6)
Exclude effect of property gains/(losses)	(2,142)	(1.7)	(1.7)
Underlying earnings before separately disclosed items	(27,030)	(21.3)	(21.3)

[1] Impact of dilutive shares was omitted in error from FY22 earnings (profit after tax) per share.

9. Cash used/in generated from operations

	52 weeks ended 30 July 2023 £000	53 weeks ended 31 July 2022 £000
Profit for the period	**59,587**	19,267
Adjusted for:		
Tax (note 7)	**30,924**	7,002
Share-based charges (note 5)	**10,545**	5,874
Loss on disposal of property, plant and equipment (note 3)	**10,871**	3,476
Disposal of capitalised leases (note 3)	**(2,273)**	(7,368)
Net impairment charge (note 3)	**38,287**	24,430
Interest receivable (note 6)	**(1,011)**	(103)
Interest payable (note 6)	**50,234**	41,395
Lease interest receivable (note 6)	**(340)**	(428)
Lease interest payable (note 6)	**22,796**	18,083
Separately disclosed Interest (note 6)	**(96,686)**	(51,859)
Amortisation of bank loan issue costs (note 6)	**1,246**	1,983
Depreciation of property, plant and equipment (note 13)	**70,173**	71,227
Amortisation of intangible assets (note 12)	**1,827**	3,240
Depreciation on investment properties (note 14)	**185**	87
Aborted properties costs	**1,719**	2,947
Cancelled principal payments	**-**	(4,726)
Foreign exchange movements	**1,633**	(1,474)
Amortisation of right-of-use assets	**37,556**	42,291
	237,273	175,344
Change in inventories	**(8,157)**	452
Change in receivables	**2,133**	(12,171)
Change in payables	**39,437**	14,885
Cash flow from operating activities	**270,686**	**178,510**

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10. Analysis of change in net debt

	31 July 2022 £000	Cash flows £000	Other changes £000	30 July 2023 £000
Borrowings				
Cash and cash equivalents	40,347	46,826	–	**87,173**
Other loan receivable - due before one year	803	-	–	**803**
Asset-financing obligations – due before one year	(5,137)	889	48	**(4,200)**
Current net borrowings	36,013	47,715	48	**83,776**
Bank loans – due after one year	(828,616)	200,033	(1,201)	**(629,784)**
Asset-financing obligations – due after one year	(3,974)	4,019	(45)	**-**
Other loan receivable - due after one year	2,739	(753)	–	**1,986**
Private placement – due after one year	(97,814)	–	(46)	**(97,860)**
Non-current net borrowings	(927,665)	203,299	(1,292)	**(725,658)**
Net debt	(891,652)	251,014	(1,244)	**(641,882)**
Derivatives				
Interest-rate swaps asset – due after one year	61,367	(169,413)	119,990	**11,944**
Interest rate swaps liability – due before one year	–	–	(78)	**(78)**
Interest-rate swaps liability – due after one year	(2,031)	–	2,031	**-**
Total derivatives	59,336	(169,413)	121,943	**11,866**
Net debt after derivatives	(832,316)	81,601	120,699	**(630,016)**
Leases				
Lease assets – due before one year	2,001	(1,677)	1,037	**1,361**
Lease assets – due after one year	9,264	–	(813)	**8,451**
Lease obligations – due before one year	(48,471)	32,926	(35,941)	**(51,486)**
Lease obligations – due after one year	(421,582)	–	29,788	**(391,794)**
Net lease liabilities	(458,788)	31,249	(5,929)	**(433,468)**
Net debt after derivatives and lease liabilities	(1,291,104)	112,850	114,770	**(1,063,484)**

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

The non-cash movement in bank loans and the private placement relate to the amortisation of loan issue costs. The amortisation charge for the year of £1,246,000 (2022: £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	30 July 2023 £000
Recognition of new leases (note 23)	**(16,820)**
Remeasurements of existing leases liabilities (note 23)	**2,450**
Remeasurements of existing leases assets (note 23)	**223**
Disposal of lease (note 23)	**2,969**
Lease transfers to property, plant and equipment	**5,333**
Cancelled principal payments (note 23)	**–**
Exchange differences (note 23)	**(84)**
Non-cash movement in net lease liabilities	**(5,929)**

11. Dividends paid and proposed

No final dividend has been proposed for approval at the annual general meeting for the 52 weeks ended 30 July 2023 (2022: Nil). 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 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
Additions	1,169	1,689	2,858
Disposals	–	(9)	(9)
At 30 July 2023	**36,771**	**2,113**	**38,884**
Accumulated depreciation:			
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)
Provided during the period	(1,827)	–	(1,827)
Reversal of impairment losses	74	–	74
At 30 July 2023	**(32,379)**	**–**	**(32,379)**
Net book amount at 30 July 2023	**4,392**	**2,113**	**6,505**
Net book amount at 31 July 2022	4,976	433	5,409
Net book amount at 25 July 2021	5,354	4	5,358

The majority of intangible assets relate to computer software and software development. Examples include the development costs of the Wetherspoon customer-facing app and other bespoke J D Wetherspoon applications.

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13. Property, plant and equipment

	Freehold and long leasehold property	Short leasehold property	Equipment fixtures and fittings	Assets under construction	Total
Cost					
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 to investment property	-	-	-	(2,170)	(2,170)
Transfers	15,948	1,185	2,572	(19,705)	-
Exchange differences	(1,257)	(53)	(201)	(242)	(1,753)
Transfer to held for sale	(1,739)	-	-	-	(1,739)
Disposals	(13,614)	(3,708)	(4,713)	-	(22,035)
Reclassifications	12,435	(12,435)	-	-	-
At 31 July 2022	1,477,334	280,330	731,115	75,451	2,564,230
Additions	19,315	5,983	32,148	10,323	67,769
Transfers	6,551	1,967	7,900	(16,418)	-
Transfers from capitalised leases	(464)	-	-	-	(464)
Exchange differences	1,289	57	214	253	1,813
Transfer to held for sale	(527)	-	(419)	-	(946)
Disposals	(16,448)	(8,750)	(7,574)	(4,719)	(37,491)
Reclassifications	7,003	(7,003)	-	-	-
At 30 July 2023	**1,494,053**	**272,584**	**763,384**	**64,890**	**2,594,911**
Accumulated depreciation and impairment					
At 25 July 2021	(332,433)	(171,358)	(552,038)	0	(1,055,829)
Provided during the period	(21,336)	(9,704)	(40,186)	0	(71,227)
Transfers from investment property	0	0	0	0	0
Exchange differences	122	19	148	0	289
Impairment loss	(18,617)	279	1,102	(2,215)	(19,451)
Transfer to held for sale	939	0	0	0	939
Disposals	3,752	2,288	1,871	0	7,911
Reclassification	(6,960)	6,960	0	0	0
At 31 July 2022	(374,533)	(171,516)	(589,104)	(2,215)	(1,137,368)
Provided during the period	(21,958)	(9,056)	(39,159)	0	(70,173)
Transfers from investment property	0	0	0	0	0
Exchange differences	(35)	(13)	(184)	0	(232)
Impairment loss	(30,478)	(5,488)	0	0	(35,966)
Reversal of impairment losses	700	3,440	1,290	0	5,430
Transfer to held for sale	206	0	341	0	547
Disposals	5,514	7,534	6,005	1,614	20,667
Reclassifications	(4,523)	4,523	0	0	0
At 30 July 2023	**(425,107)**	**(170,576)**	**(620,811)**	**(601)**	**(1,217,095)**
Net book amount at 30 July 2023	**1,068,946**	**102,008**	**142,573**	**64,289**	**1,377,816**
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

During the period, an amount of £41,646,000 (2022: £42,777,000) was spent on the reinvestment of existing pubs. £11,202,000 (2022: £25,773,000) was spent on freehold reversions. £20,361,000 (2022: £58,789,000) was spent on investment in new pubs and pub extensions. This led to a total capital expenditure of £73,209,000 (2022: £127,339,000).

Reclassifications relate to assets transferred from short leasehold property to freehold and long leasehold property upon a freehold reversion.

14. Investment property

The company owns six (2022: six) freehold properties with existing tenants – and these assets have been classified as investment properties:

	£000
Cost:	
At 25 July 2021	10,602
Transfer from property, plant and equipment	2,170
Additions	11,763
At 31 July 2022	24,535
Transfer from property, plant and equipment	–
Additions	9
At 30 July 2023	**24,544**
Accumulated depreciation and impairment:	
At 25 July 2021	(69)
Provided during the period	(87)
Impairment loss	(1,015)
At 31 July 2022	(1,171)
Provided during the period	(185)
Impairment loss	(4,448)
At 30 July 2023	**(5,804)**
Net book amount at 30 July 2023	**18,740**
Net book amount at 31 July 2022	23,364
Net book amount at 25 July 2021	10,533

Rental income received in the period from investment properties was £1,197,000 (2022: £790,000).

At the year end, the investment properties were independently valued at £18,740,000 giving rise to an impairment charge of £4,448,000 (2022: £1,015,000) was incurred to adjust their net book value.

15. Events after the balance sheet date

On 22 August 2023, the company disposed of all interest rate swaps in place, receiving £14.8 million to do so. At the same time, the company took out a new interest-rate swap of £200 million from 23 August 2023 through to 6 February 2025 at a rate of 5.665%. On 25 September 2023, the company took out a further interest-rate swap of £400 million from 6 February 2025 to 6 February 2028 at a rate of 4.225%.

On 21 September 2023, the company announced that 11 of its pubs will be put on the market as part of a one-off disposal programme. Management has concluded this to be a non-adjusting event on the basis that events and conditions arose after the end of the financial period.

16. Contingent liability

The company is in an on-going contractual dispute with a large supplier. The outcome of the dispute is yet to be determined and will be resolved by a legal process. Disclosing any further information at this stage about the ongoing contractual dispute, its financial effect (if any) and uncertainties relating to the amount or timing of any outflow might be prejudicial to the company's position.

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17. 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. In line with accounting standards, the going concern assessment period is the 12-months from the date of approval of these accounts (approximately the end of quarter 1 of FY25). Given the proximity to the going concern review period, the Company has also considered the February 2025 expiry of its current revolving credit facility in its assessment.

The Company has modelled a 'base case' forecast in which recent momentum of sales, profit and cash flow growth is sustained. The Company has anticipated within this forecast continued high levels of inflation, particularly on wages, utility costs and repairs. The base case scenario indicates that the Company will have sufficient resources to continue to settle its debts as they fall due and operate within its leverage covenants for the going concern assessment period.

A more cautious but plausible scenario has been analysed, in which sales for FY24 are in line with FY23 (ie no sales growth). The Company has reviewed, and is satisfied with, the mitigating actions that it could take if such an outcome were to occur. Such actions could include reducing discretionary capital expenditure, reducing costs or implementing price increases. Under this scenario, the Company would still have sufficient resources to settle liabilities as they fall due and sensible headroom on its covenants through the duration of the going concern review period.

The Company has also performed a 'reverse stress case' which shows that the Company could withstand a 12% reduction in sales from those assessed in the 'base case' throughout the going concern period, as well as costs assumed to increase at a similar level to the downside scenario, before the covenant levels would be exceeded towards the end of the period. The directors consider this scenario to be remote as, other than when the business was closed during the pandemic, it has never seen sales decline at anywhere close to that rate. Furthermore, the Company could take additional mitigating actions, in such a scenario, to prevent any covenant breach.

The directors have determined that, over the period of the going concern assessment, there is not expected to be a significant impact resulting from climate change.

Following the cessation of a period of lender-agreed relaxed covenants to 30 July 2023, the Company has reverted to its original covenant targets and the Company is confident that these targets will be met in the going concern assessment period.

As set out in Note 20 of the accounts, the secured Revolving Credit Facility totalling £875 million of which £630 million was drawn at 30 July 2023, matures in February 2024 (£20m) and February 2025 (£855m).

As the directors believe that the positive trading and cash flow trends which have been experienced in the period to 30 July 2023 will continue, coupled with increasing certainty over cost inflation, the Company has chosen not to formally commence any refinancing exercise as at the date of these accounts.

Given the Company's strong financial position and current trading performance, the directors are confident that the Company will be able to refinance its debt facilities when it is required to do so. The Company has had frequent conversations to date with its longstanding lending syndicate and advisors.

These discussions have highlighted multiple refinancing options and very good levels of support. These factors, combined with the alternative liquidity options available to the Company, provide the Directors with appropriate assurance that the prospect of not being able to refinance is remote and as such no material uncertainty exists.

After due consideration of the matters set out above, 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.