

J D Wetherspoon plc

ANNUAL REPORT AND ACCOUNTS 2013

Wetherspoon owns and operates pubs throughout the UK. 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 calendar

Annual general meeting

14 November 2013

Interim report for 2014

March 2014

Year end

27 July 2014

Preliminary announcement for 2014

September 2014

Report and accounts for 2014

October 2014

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www.jdwetherspoon.co.uk/investors

FINANCIAL HIGHLIGHTS

Revenue up 7.0% to £1,280.9m
(excluding week 53 in
previous year: +9.3%)

Like-for-like sales up 5.8%
and profit up 4.4%

Operating profit before exceptional
items* up 3.7% to £111.3m
(excluding week 53 in
previous year: +6.0%)

Operating profit down 2.5%
to £91.5m

Operating margin before exceptional
items* 8.7%
(last year: 9.0%)

Operating margin 7.1%
(last year: 7.8%)

Profit before tax and exceptional
items* up 6.3% to £76.9m
(excluding week 53 in
previous year: +8.8%)

Profit before tax down 3.0%
to £57.1m

Earnings per share before exceptional
items* up 13.3% to 46.8p
(excluding shares held in trust)

Basic earnings per share up 7.6%
to 38.3p

Earnings per share before exceptional
items* up 12.6% to 44.8p
(including shares held in trust)

Free cash flow per share 51.8p
(last year: 70.4p)

29 pubs opened, 3 closed,
creating a total of 886

*Exceptional items as disclosed in account note 3.

CHAIRMAN'S STATEMENT, OPERATING AND FINANCE REVIEW

Background

As in recent years, we have tried to make our report and accounts more readable by dividing them into two sections. Section 1 contains the main financial statements, while section 2 contains mainly corporate governance reports. We have also tried to reduce jargon and repetition, wherever possible, although this is a major task, especially in respect of corporate governance reports and any area which concerns accounting.

I am pleased to report a year of further progress for the company, with record sales, profit and earnings per share before exceptional items. The company was founded in 1979 – and this is the 30th year since incorporation in 1983. The table below outlines some key indicators of our performance during that period. Since our flotation in 1992, earnings per share before exceptional items and free cash flow have grown by an average of 16.4 per cent per annum.

Summary accounts for the years ended July 1984 to 2013

Financial year	Total sales £000	Profit before tax and exceptional items £000	Earnings per share before exceptional items pence	Free cash flow £000	Free cash flow per share pence
1984	818	(7)	0.0		
1985	1,890	185	0.2		
1986	2,197	219	0.2		
1987	3,357	382	0.3		
1988	3,709	248	0.3		
1989	5,584	789	0.6	915	0.4
1990	7,047	603	0.4	732	0.4
1991	13,192	1,098	0.8	1,236	0.6
1992	21,380	2,020	1.9	3,563	2.1
1993	30,800	4,171	3.3	5,079	3.9
1994	46,600	6,477	3.6	5,837	3.6
1995	68,536	9,713	4.9	13,495	7.4
1996	100,480	15,200	7.8	20,968	11.2
1997	139,444	17,566	8.7	28,027	14.4
1998	188,515	20,165	9.9	28,448	14.5
1999	269,699	26,214	12.9	40,088	20.3
2000	369,628	36,052	11.8	49,296	24.2
2001	483,968	44,317	14.2	61,197	29.1
2002	601,295	53,568	16.6	71,370	33.5
2003	730,913	56,139	17.0	83,097	38.8
2004	787,126	54,074	17.7	73,477	36.7
2005	809,861	47,177	16.9	68,774	37.1
2006	847,516	58,388	24.1	69,712	42.1
2007	888,473	62,024	28.1	52,379	35.6
2008	907,500	58,228	27.6	71,411	50.6
2009	955,119	66,155	32.6	99,494	71.7
2010	996,327	71,015	36.0	71,344	52.9
2011	1,072,014	66,781	34.1	78,818	57.7
2012	1,197,129	72,363	39.8	91,542	70.4
2013	1,280,929	76,943	44.8	65,349	51.8

Notes

Adjustments to statutory numbers

1. Where appropriate, the EPS, as disclosed in the statutory accounts, has been recalculated to take account of share splits, the issue of new shares and capitalisation issues.

2. Free cash flow per share excludes dividends paid which were included in the free cash flow calculations in the annual report and accounts for the years 1995–2000.

3. The weighted average number of shares, EPS and free cash flow per share include those shares held in trust for employee share schemes.

4. Before 2005, the accounts were prepared under UKGAAP. All accounts from 2005 to date have been prepared under IFRS.

The year under review comprised 52 weeks, whereas the previous year was 53 weeks. Unless stated, the comparisons below reflect the fact that there was one week fewer in the year under review than in the previous year. Like-for-like sales, on a 52-week basis, increased by 5.8%, with total sales of £1,280.9 million for the 52 weeks, increasing by 7.0%, compared with the 53-week period in the previous year (2012: 11.7%). Like-for-like bar sales increased by 3.8% (2012: 2.8%), food sales by 10.9% (2012: 4.8%) and machine sales by 0.4% (2012: decreased by 2.8%).

Operating profit before exceptional items increased by 3.7% to £111.3 million (2012: £107.3 million) and, after exceptional items, decreased by 2.5% to £91.5 million (2012: £93.8 million). The operating margin, before exceptional items, decreased to 8.7% (2012: 9.0%), mainly as a result of increases in taxation, utilities and bar and food costs. The operating margin after exceptional items was 7.1% (2012: 7.8%).

Profit before tax and exceptional items increased by 6.3% to £76.9 million (2012: £72.4 million) and, after exceptional items, decreased by 3.0% to £57.1 million (2012: £58.9 million). Earnings per share (which exclude shares held in trust by the employee share scheme) before exceptional items increased by 13.3% to 46.8p (2012: 41.3p). Basic earnings on the same basis after exceptional items increased by 7.6% to 38.3p (2012: 35.6p).

If the weighted average number of shares held in trust by the employee share scheme is included in the calculation, earnings per share before exceptional items increased by 12.6% to 44.8p (2012: 39.8p).

Net interest was covered 3.2 times by operating profit before exceptional items (2012: 3.1 times) and 2.7 times by operating profit after exceptional items (2012: 2.7 times). Total capital investment was £101.8 million in the period (2012: £120.6 million), with £60.9 million on new pub openings (2012: £75.4 million) and £40.9 million on existing pubs and IT infrastructure (2012: £45.2 million).

Exceptional items before tax totalled £19.8 million (2012: £13.5 million), £0.2 million of which resulted in the expenditure of cash. The exceptional items relate to the impairment of trading pub assets of £15.6 million (2012: £7.8 million), a provision for onerous leases of £3.3 million (2012: £2.2 million) and a loss on the disposal of property, plant and equipment of £1.0 million (2012: £1.1 million). The total provision for impairment and onerous leases is now £47.6 million, compared with the original cost of our assets of £1.58 billion.

Free cash flow, after capital investment of £40.9 million on existing pubs (2012: £45.2 million), £8.8 million in respect of share purchases for employees under the company's share-based payment schemes

(2012: £5.8 million) and payments of tax and interest, decreased by £26.2 million to £65.3 million (2012: £91.5 million), owing to a working capital outflow of £6.0 million in the year under review, compared with an inflow of £35.5 million in the previous year. Free cash flow per share was 51.8p (2012: 70.4p).

Property

The company opened 29 pubs during the year, with three pubs sold, resulting in a total estate of 886 pubs at the financial year end. The average development cost for a new pub (excluding the cost of freeholds) was £1.55 million, compared with £1.42 million a year ago, as we continue to increase expenditure on kitchens, customer areas and beer gardens. The full-year depreciation charge was £53.1 million (2012: £49.2 million).

We currently intend to open around 30 pubs in the year ending July 2014.

Property litigation

As reported in our interim accounts, Wetherspoon agreed on an out-of-court settlement with developer Anthony Lyons, formerly of property leisure agent Davis Coffey Lyons. Wetherspoon has received approximately £1.25 million from Mr Lyons.

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

The claim related to properties in Portsmouth, Leytonstone and Newbury. The Portsmouth property was involved in the 2008/9 Van de Berg case itself. In that case, Mr Justice Peter Smith found that Van de Berg, but not Mr Lyons, who was not a party to the case, fraudulently diverted the freehold from Wetherspoon to Moorstown Properties Limited, a company owned by Simon Conway. Moorstown leased the premises to Wetherspoon. Wetherspoon is still a leaseholder of this property – a pub called The Isambard Kingdom Brunel.

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

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

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

Further shareholder information about these cases is available in a short article which I wrote for the trade publication *Propel*; this is reproduced on page 7 of this report.

Corporation tax

The overall tax charge (including deferred tax) on pre-exceptional items, before taking into account the effect of the tax-rate change on deferred tax is 26.6% (2012: 28.6%). The UK standard average tax rate for the period is 23.7% (2012: 25.3%). The difference between the effective tax rate of 26.6% and the standard average rate of UK corporation tax of 23.7% is 2.9% (2012: 3.2%) which is due primarily to the level of non-qualifying depreciation (depreciation which does not qualify for tax relief).

The pre-exceptional current tax rate which excludes deferred tax has fallen by 0.5% to 25.1% (2012: 25.6%). This is largely due to the standard average rate of UK corporation tax falling from 25.3% to 23.7%, offset by reduced capital allowances being available.

Financing

As at 28 July 2013, the company's total net debt, including bank borrowings and finance leases, but excluding derivatives, was £474.2 million (2012: £462.6 million), an increase of £11.6 million. Factors which have led to the increase in debt are 29 new pub openings costing £60.9 million, investment in existing pubs of £40.9 million and dividend payments of £15.1 million. Year-end net-debt-to-EBITDA was 2.88 times (2012: 2.96 times).

As at 28 July 2013, the company had £111.0 million (2012: £128.5 million) of unutilised banking facilities and cash balances, with total facilities of £575.0 million (2012: £575.0 million). The company's existing interest-rate swap arrangements remain in place.

Following the period end, the company agreed on a new bank facility with a syndicate of nine banks which increased the funds available to £690.0 million and extended the term to March 2018.

Dividends and return of capital

The board proposes, subject to shareholders' approval, to pay a final dividend of 8.0p per share (2012: 8.0p per share), on 28 November 2013, to those shareholders on the register on 25 October 2013, giving a total dividend for the year of 12.0p per share (2012: 12.0p per share). The dividend is covered 3.2 times (2012: 3.0 times) by earnings. In view of high levels of capital expenditure in recent years and the potential for

advantageous investments in the future, the board has decided to maintain the dividend at its current level for the time being.

Further progress

As in the past, the company has tried to improve many areas of the business. During the year, our catering team upgraded many items on our menu and introduced several new items which, together, helped to produce strong like-for-like sales growth. As regards bar sales, in the face of fierce competition from supermarkets, we achieved record volumes of traditional ales and ciders and continued to promote a wide range of attractive bottled beers, wines and spirits from the UK and the rest of the world.

We continue to recognise that attracting and retaining the best employees are the keys to future success; in this context, bonuses and free shares totalling £28.6 million, which amounts to 37% of our profits before tax, were paid to employees. About 83% of this sum was paid to employees working in our pubs, with just over half being paid to the pub management team and the remainder being paid to our hourly paid staff.

As in previous years, we have continued our efforts in respect of training, including both government-sponsored apprenticeship schemes and our own schemes, enabling many thousands of employees, over the years, to start as bar staff and progress through various stages of promotion to become duty managers and, eventually, for successful candidates, pub managers. Most of our area managers, each of whom is responsible for approximately a dozen pubs, started as a pub manager. A large percentage of the senior management positions in the company generally are occupied by those who have previously run pubs.

We continue our efforts to improve our IT systems. Our 'myJDW' website, which enables close communication between employees and the company, continues to be upgraded. We have also invested in other areas, including faster credit-card approval at the bar in our pubs, so increasing the speed of service for customers and also general efficiency.

We have continued our efforts in raising money for CLIC Sargent, which supports young cancer patients and their families. In the year, we raised over £1.6 million for the charity, bringing the total raised to £7.6 million, making Wetherspoon the biggest corporate partner for CLIC Sargent.

General tax matters

As we have pointed out in previous years, we believe that pubs are taxed excessively and that the government would create more jobs and receive higher levels of overall revenue, if it were to create tax parity among supermarkets, pubs and restaurants. Supermarkets pay virtually no VAT in respect of food sales, whereas pubs

pay 20% – and this disparity enables supermarkets to subsidise their alcoholic drinks sales to the detriment of pubs and, indeed, restaurants. This serious economic disadvantage has contributed to the closure of many thousands of pubs, and the pub industry has lost approximately 50% of its beer sales to supermarkets since VAT was increased from 8% over 30 years ago.

This does not make economic sense for the government, since pubs create far more jobs per meal or per pint than supermarkets, for reasons which are self-evident. They also pay far more taxes per pint or per meal than supermarkets, and this would remain the case, even if VAT levels were reduced in pubs. It cannot make sense for any government to perpetuate a tax advantage for supermarkets in this context.

A main consequence of the tax disparity between supermarkets and pubs is that pubs in the less-well-off areas of the country suffer most, as do the residents and local authorities in those areas, who are deprived of the facilities and, to an extent, the income from taxes they would otherwise receive. This is because customers in less-well-off areas are more sensitive, as a matter of common sense, to the price differential which is created by the current tax régime. As a result, they inevitably end up using supermarkets more and pubs less. The results are evident to see, with large numbers of pubs closing in less-affluent areas, with undesirable social and economic consequences in the majority of the country. In affluent areas, the price differential between pubs and supermarkets is less acutely felt, although still important for a considerable percentage of those living in these areas.

Wetherspoon is happy to pay its share of tax and, in this respect, is a major contributor to the economy. In the year under review, we paid total taxes of £551.5 million, an increase of £32.2 million compared with the previous year, which equates to approximately 43% of our sales.

	2013 £m	2012 £m
VAT	253.0	241.2
Alcohol duty	144.4	136.8
PAYE and NIC	70.2	67.1
Business rates	46.4	43.9
Corporation tax	18.4	18.2
Machine duty	7.2	3.3
Climate change levy	4.3	1.9
Fuel duty	2.0	1.9
Carbon tax	2.6	2.4
Stamp duty	1.0	0.8
Landfill tax	1.3	1.3
Premise licences and TV licences	0.7	0.5
Total tax	551.5	519.3
Tax per pub (£000)	632	617
Tax as % of sales	43.1%	43.4%
Pre-exceptional profit after tax	65.2	57.3
Profit after tax as % of sales	5.1%	4.8%

Tax parity day

In order to draw attention to the current unfair tax régime, Wetherspoon is supporting 'Tax Parity Day' (Wednesday, 25 September 2013) in association with Jacques Borel's VAT Club – also supported by many others, including Punch, Fuller's, Pizza Hut and thousands of individual publicans. At Wetherspoon, we are reducing our prices by about 7.5%, to reflect the likely reduction in prices which consumers would see, if VAT in pubs were reduced. We are sure that this offer will be extremely popular with customers and will, undoubtedly, increase the amount of revenue for the government as well, if it succeeds in reversing the increase in off-sales through supermarkets, even for one day.

Corporate governance

In my opinion, it is a strange paradox that companies in the pub business which have complied least with governance guidelines seem to have fared the best. Family brewers like Fuller's, Young's and Shepherd Neame, which have often had a chairman who had previously been chief executive, a majority of executives on the board and non-executive directors who are either not 'independent' or have been on the board for more than the recommended time, have tended to do well, whereas the compliant boards of the large pub companies have struggled greatly, in many cases, in the last decade.

One reason may be that the non-compliant boards have been more resistant to the sometimes foolish ideas which take hold of financial markets. The main misconceived fashion of the last decade and a half has been in relation to so-called 'efficient balance sheets'. This fashion encouraged excessively high levels of debt and arrangements such as 'opco/propco', which also increased financial gearing.

However, a sensible system of corporate governance, in which non-executive directors play an important role, is clearly necessary, to provide guidance and rules in areas such as levels of pay, appropriate ethical behaviour and to try to restrain egotism and excess in the boardroom.

As Warren Buffet has pointed out, it is easier to criticise corporate governance regulations than to suggest alternatives. My own view is that companies should carefully question whether compliance with the existing guidelines is beneficial in the following areas:

i) Non-executive tenure

The discouragement of non-executives who remain at a company longer than nine years may often be counterproductive, since it usually means that directors have not seen the effects of a recession, for example, on the company which they serve. It may be desirable, in principle, for companies to have non-executive directors who have been there longer than nine years, but it is important for the board and the chairman to take a commonsense view, to reduce the dangers of 'cronyism'

or excessive familiarity which might reduce a director's good judgement.

ii) Remuneration guidelines

The corporate governance guidelines have a strong presumption in favour of bonuses and awards which are based on specific targets. In my opinion, this setting of targets has been a key factor in the demise of the banks and many other businesses, since it has encouraged excessive debt. Targets can also create distortions in the behaviour of executives, since they can often be achieved by, for example, reducing costs to a level which adversely affects customer service or by other types of behaviour which prejudice long-term success for the benefit of relatively short-term gains. A considerable percentage of Wetherspoon share awards is not based on targets, other than the requirement of working for the company at the time at which the shares are issued. Naturally, the future value of the shares will depend on the success of the company.

iii) Chief executive becomes chairman

Several of the family brewers, for example, have decided that a chief executive should become chairman – and this can add ballast and gravitas to the board and increase resistance to some of the more harmful ideas which have beset the financial community. This seems to have worked well where the chairman represents family interests, as well as his own shareholding, in the company.

iv) Majority of non-executives on the board

Wetherspoon complies with this advice at the current time, but I believe that it may often be disadvantageous for a board to have a majority of non-executives. This is because it encourages an unrealistically low number of executives on the board, which risks unduly increasing the power of the chief executive. Alternatively, this practice encourages excessively large boards. In the pub industry, at least, I believe that companies which have had a majority of executives have fared better than those which have had a majority of non-executives.

v) Board evaluation

A recent 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 the performance is most evident from the performance of the underlying business. For this reason, I believe it to be best for Wetherspoon to continue with its current system of 'self-evaluation'.

vi) General point

A related matter concerns the huge increase in the size and incomprehensibility of annual reports and accounts; this has been exacerbated by corporate governance reports. As has been well documented, remuneration committee reports, for example, are often extremely difficult to understand. Many corporate governance reports are full of business jargon and repetition. The financial reports themselves are often the worst offenders, frequently using obscure language and definitions. The net effect of this is that annual reports, which should be read by shareholders, have become extremely difficult to digest – and many people have given up. Wetherspoon has attempted, no doubt imperfectly, to reduce jargon and repetition in this report and accounts which are now considerably briefer than most similar documents.

Summary

In my opinion, it is undoubtedly desirable for there to be a set of corporate governance guidelines, similar to those which exist today, by which shareholders and non-executives can create pressure for poorly performing executives to change their behaviour. However, for the reasons set out above, I believe that there are potential dangers in strict compliance with existing corporate governance guidelines – and the qualifications which are suggested above may, in the round, be beneficial to companies like Wetherspoon.

Current trading and outlook

The biggest danger to the pub industry, as indicated above, is the VAT disparity between supermarkets and pubs. Wetherspoon, along with many pub and restaurant companies, is supporting Jacques Borel's VAT Club on Tax Parity Day (Wednesday, 25 September 2013), to publicise this inequality.

In the six weeks to 8 September 2013, like-for-like sales increased by 3.6%, with total sales increasing by 7.8%. In the last fortnight, like-for-like sales were 2.5% – and this may be a reasonable indicator of future sales trends, in the light of strong sales in the last financial year.

Overall, therefore, the company is aiming for a reasonable outcome in the current financial year.

Tim Martin

Chairman

13 September 2013

LESSONS IN THE PROPERTY MARKET, BY TIM MARTIN

J D Wetherspoon has always been a buyer of freeholds. Our second, third and fourth pubs were freehold and, by the time of our 1992 flotation, 20 of our 44 pubs were freehold.

I negotiated our first 20 or so pubs myself, dealing directly with the owners' agents, before employing Christian Braun, of Van de Berg & Co (VDB), in about 1990. Little did I realise that Braun was a double agent or 'mole', who was to burrow deep into our organisation, undermining the very property foundations which underpin any retailer.

Following a tip-off, in 2005, we terminated VDB's contract and undertook a review of all of our 600 or so property transactions, using a team of up to a dozen legal and paralegal staff. We discovered about 50 'back-to-back' transactions, in which freeholds, which were available to buy, had been diverted by VDB to third parties, which had acquired them at the same time as JDW had taken a lease – the rent being set at a level which created an immediate uplift in the value of the reversion.

Proceedings were issued against VDB and its directors, Braun, George Aldridge and Richard Harvey, in respect of about a dozen of these transactions. In a 136-page judgment, Mr Justice Peter Smith found that VDB had fraudulently diverted properties to several third parties, but he made no findings against the third parties themselves.

Following Mr Justice Smith's judgment, JDW issued proceedings against several third parties: Paul Ferrari of Braun's former employer Ferrari Dewe & Co; Anthony Lyons, formerly of Davis Coffey Lyons; Jason Harris, formerly of First London.

Liability was denied by all. The cases were contested and settled out of court. JDW received substantial payments in all three cases.

Some of the pleaded properties in the VDB case, referred to by the judge as the 'Ferrari Five', involved Jersey companies with nominee owners who were connected to Ferrari. Each of the Jersey companies had a different name – and care was taken to use different lawyers and nominees.

Profits from the purchasing companies were usually channelled to a Jersey holding company called Gecko, with money then transferred as loans or fees to companies controlled by VDB's directors.

In my opinion, the Lyons case is the most interesting for the property market and for prospective tenants and purchasers. Lyons stated, in his defence, that he was acting in his capacity as an employee and in accordance with his duties to Davis and Coffey (now Davis Coffey Lyons).

The Lyons case concerned properties in Portsmouth, Leytonstone and Newbury, two of which became JDW pubs, with the third becoming a Café Rouge. The Portsmouth property belonged to British Gas – and Mr Justice Smith found that VDB had bid for the freehold, unbeknown to JDW, and, once the bid was accepted, agreed with Lyons for JDW to take a lease and for the freehold to be acquired by Moorstown Properties, owned by a friend, and subsequently a colleague, of Lyons – Simon Conway. No findings were made against Lyons, or indeed Conway, in the VDB case, and neither person was a party to the case.

Portsmouth was subsequently sold by Moorstown to Scottish American Investment Company, a few months later, with the benefit of a lease to JDW for a substantial profit. Illustrating the Byzantine complexity of the transactions, Lyons' defence stated that shares in Moorstown were "transferred", before the sale was completed, to Northcreek which, Companies House shows, was owned by Roger Myers, then chairman of Café Rouge owner Pelican, and his family.

The Newbury property was acquired by Riverside Stores, a company connected to Conway, and was leased at around the same time to Café Rouge.

Newbury was sold shortly after completion for a substantial profit.

JDW did not allege, and is not alleging, that the Portsmouth and Newbury transactions are connected and is not alleging that Davis Coffey Lyons, Myers or Conway are dishonest, but it is a matter of public importance, as well as of importance to JDW and its shareholders, for there to be an explanation about the circumstances in which Moorstown, a company which clearly benefited from the Portsmouth fraud by VDB, ended up belonging to the family of Myers.

A key legal and ethical question for the property market which emerges from these cases concerns the obligations of estate agents and investors, in circumstances in which a freehold property is first offered to a friend or colleague of an agent, who agrees to acquire it, and the property is then offered by the agent to a company like Wetherspoon on a 'back-to-back' basis. What are the obligations of the introducing agent? In broad terms, the third parties in the Wetherspoon litigation argued that they owed no duties or obligations to Wetherspoon and were not, therefore, liable to us. The great risk which all agents and investors run, in these circumstances, is that the retained agent, VDB in this instance, may itself be dishonest.

If so, this may open up the possibility of a claim by an aggrieved 'end user', such as Wetherspoon, that the introducing agent participated in the dishonesty of the retained agent.

JDW has lost many tens of millions of pounds as a result of the VDB frauds. Rent reviews and 'yield compression' have exacerbated the damage over the years.

Our experience teaches several lessons. First, buyers and tenants should ask their agents to confirm in writing that they have no direct or indirect interest in any property which they are acquiring and should ask their lawyers to take particular interest, if a freehold is changing hands at the same time as they are acquiring a lease or, indeed, the freehold.

Professionals and investors should also obtain confirmation in writing from the 'end user' in back-to-back deals that they have consented to the transaction. Take the retained agent's word for it at your peril.

INCOME STATEMENT for the 52 weeks ended 28 July 2013

J D Wetherspoon plc, company number: 1709784

	Notes	52 weeks ended 28 July 2013 Before exceptional items Total £000	52 weeks ended 28 July 2013 Exceptional items (note 3) Total £000	52 weeks ended 28 July 2013 After exceptional items Total £000	53 weeks ended 29 July 2012 Before exceptional items Total £000	53 weeks ended 29 July 2012 Exceptional items (note 3) Total £000	53 weeks ended 29 July 2012 After exceptional items Total £000
Revenue	1	1,280,929	–	1,280,929	1,197,129	–	1,197,129
Operating costs		(1,169,619)	(19,800)	(1,189,419)	(1,089,811)	(13,481)	(1,103,292)
Operating profit	2	111,310	(19,800)	91,510	107,318	(13,481)	93,837
Finance income	5	118	–	118	55	–	55
Finance costs	5	(34,485)	–	(34,485)	(35,010)	–	(35,010)
Profit before taxation		76,943	(19,800)	57,143	72,363	(13,481)	58,882
Income tax expense	6	(11,731)	776	(10,955)	(15,038)	723	(14,315)
Profit for the year		65,212	(19,024)	46,188	57,325	(12,758)	44,567
Basic earnings per share	7			38.3			35.6
Adjusted earnings per share	7	46.8		31.0	41.3		31.1
Diluted adjusted earnings per share	7	44.8		29.7	39.8		30.0

STATEMENT OF COMPREHENSIVE INCOME for the 52 weeks ended 28 July 2013

	Notes	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
<i>Items which will not be subsequently reclassified to profit or loss</i>			
Interest-rate swaps: gain/(loss) taken to other comprehensive income	20	21,984	(8,149)
Tax on items taken directly to other comprehensive income	6	(6,378)	717
Net gain/(loss) recognised directly in other comprehensive income		15,606	(7,432)
Profit for the year		46,188	44,567
Total comprehensive income for the year		61,794	37,135

CASH FLOW STATEMENT

for the 52 weeks ended 28 July 2013

J D Wetherspoon plc, company number: 1709784

	Notes	52 weeks ended 28 July 2013 £000	Free cash flow 52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000	Free cash flow 53 weeks ended 29 July 2012 £000
Cash flows from operating activities					
Cash generated from operations	8	164,922	164,922	196,733	196,733
Interest received		122	122	49	49
Interest paid		(31,569)	(31,569)	(36,091)	(36,091)
Corporation tax paid		(18,370)	(18,370)	(18,168)	(18,168)
Purchase of own shares for share-based payments		(8,825)	(8,825)	(5,756)	(5,756)
Net cash inflow from operating activities		106,280	106,280	136,767	136,767
Cash flows from investing activities					
Purchase of property, plant and equipment		(35,051)	(35,051)	(36,578)	(36,578)
Purchase of intangible assets		(5,880)	(5,880)	(8,647)	(8,647)
Proceeds on sale of property, plant and equipment		645		887	
Investment in new pubs and pub extensions		(60,795)		(74,859)	
Lease premiums paid		(93)		(489)	
Net cash outflow from investing activities		(101,174)	(40,931)	(119,686)	(45,225)
Cash flows from financing activities					
Equity dividends paid	10	(15,053)		(15,544)	
Proceeds from issue of ordinary shares		–		96	
Purchase of own shares	25	–		(22,711)	
Advances under bank loans	9	17,585		18,059	
Advances under finance leases	9	–		10,473	
Finance costs on new loan	9	–		(2,731)	
Finance lease principal payments	9	(5,841)		(4,373)	
Net cash outflow from financing activities		(3,309)		(16,731)	
Net increase in cash and cash equivalents	9	1,797		350	
Opening cash and cash equivalents	17	28,040		27,690	
Closing cash and cash equivalents	17	29,837		28,040	
Free cash flow	7		65,349		91,542
Free cash flow per ordinary share	7		51.8p		70.4p

BALANCE SHEET

for the 52 weeks ended 28 July 2013

J D Wetherspoon plc, company number: 1709784

	Notes	28 July 2013 £000	29 July 2012 £000
Assets			
Non-current assets			
Property, plant and equipment	11	956,928	924,341
Intangible assets	12	20,166	16,936
Deferred tax assets	6	11,531	16,198
Other non-current assets	13	9,897	10,682
Total non-current assets		998,522	968,157
Current assets			
Inventories	14	19,857	20,975
Receivables	15	23,940	18,685
Assets held for sale	16	422	2,055
Cash and cash equivalents	17	29,837	28,040
Total current assets		74,056	69,755
Total assets		1,072,578	1,037,912
Liabilities			
Current liabilities			
Trade and other payables	18	(207,947)	(207,114)
Borrowings	19	(5,552)	(5,880)
Current income tax liabilities		(9,313)	(9,103)
Total current liabilities		(222,812)	(222,097)
Non-current liabilities			
Borrowings	19	(498,498)	(484,771)
Derivative financial instruments	20	(44,045)	(66,029)
Deferred tax liabilities	6	(61,131)	(67,860)
Other liabilities	21	(31,177)	(27,511)
Total non-current liabilities		(634,851)	(646,171)
Net assets		214,915	169,644
Shareholders' equity			
Share capital	25	2,521	2,521
Share premium account		143,294	143,294
Capital redemption reserve		1,910	1,910
Hedging reserve		(35,236)	(50,842)
Retained earnings		102,426	72,761
Total shareholders' equity		214,915	169,644

The financial statements, on pages 9 to 33 and 36 to 41, approved by the board of directors and authorised for issue on 13 September 2013, are signed on its behalf by:

John Hutson
Director

Kirk Davis
Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

J D Wetherspoon plc, company number: 1709784

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
At 24 July 2011		2,632	143,199	1,798	(43,410)	66,826	171,045
Profit for the year						44,567	44,567
Interest-rate swaps: loss taken to equity	20				(8,149)		(8,149)
Tax on items taken directly to equity	6				717		717
Total comprehensive income					(7,432)	44,567	37,135
Exercise of options	25	1	95				96
Repurchase of shares		(112)		112		(22,598)	(22,598)
Tax on repurchase of shares						(113)	(113)
Share-based payments						5,379	5,379
Purchase of shares held in trust						(5,727)	(5,727)
Tax on purchase of shares held in trust						(29)	(29)
Dividends	10					(15,544)	(15,544)
At 29 July 2012		2,521	143,294	1,910	(50,842)	72,761	169,644
Profit for the year						46,188	46,188
Interest-rate swaps: gain taken to equity	20				21,984		21,984
Tax on items taken directly to equity	6				(6,378)		(6,378)
Total comprehensive income					15,606	46,188	61,794
Share-based payments						6,539	6,539
Deferred tax on share-based payments						816	816
Purchase of shares held in trust						(8,787)	(8,787)
Tax on purchase of shares held in trust						(38)	(38)
Dividends	10					(15,053)	(15,053)
At 28 July 2013		2,521	143,294	1,910	(35,236)	102,426	214,915

The balance classified as share capital includes those proceeds arising on issue of the company's equity share capital, comprising 2p ordinary shares and the cancellation of shares repurchased by the company.

The capital redemption reserve arose from the purchase of the company's share capital.

Shares acquired in relation to the employee Share Incentive Plan and the 2005 Deferred Bonus Scheme are held in trust, until such time as the awards vest. At 28 July 2013, the number of shares held in trust was 5,748,048 (2012: 5,503,428), with a nominal value of £114,961 (2012: £110,100) and a market value of £43,800,126 (2012: £25,706,512).

Hedging gain/loss arises from the movement of fair value in the company's financial derivative instruments, in line with the accounting policy disclosed in section 2.

As at 28 July 2013, the company had distributable reserves of £67.2 million (2012: £21.9 million).

NOTES TO THE FINANCIAL STATEMENTS at 28 July 2013

1 Revenue

Revenue disclosed in the income statement is analysed as follows:

	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
Sales of food, beverages, hotel rooms and machine income	1,280,929	1,197,129

2 Operating profit before exceptional items – analysis of costs by nature

This is stated after charging/(crediting):

	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
Concession rental payments	15,054	14,831
Operating lease payments	53,707	53,230
Repairs and maintenance	48,030	44,575
Rent receivable	(623)	(540)
Depreciation of property, plant and equipment (note 11)	50,084	47,416
Amortisation of intangible assets (note 12)	2,650	1,423
Amortisation of non-current assets (note 13)	363	327
Share-based payments (note 4)	6,539	5,379
Auditors' remuneration		
Fees payable for the audit of the financial statements	165	156
Fees payable for other services:		
– assurance services	29	29
– services	20	64
Total auditors' fees	214	249
Analysis of continuing operations		
	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
Revenue	1,280,929	1,197,129
Cost of sales	(1,121,787)	(1,045,404)
Gross profit	159,142	151,725
Administration costs	(47,832)	(44,407)
Operating profit before exceptional items	111,310	107,318
Exceptional items (note 3)	(19,800)	(13,481)
Operating profit after exceptional items	91,510	93,837

Exceptional items in the year and the previous year are included under cost of sales.

3 Exceptional items

In the table below, property impairment relates to situations in which, owing to a poor trading performance, pubs are unlikely to generate sufficient cash in the future to justify their book value.

In the year, an exceptional charge of £15,551,000 (2012: £7,823,000) was incurred in respect of the impairment of property, plant and equipment, other non-current assets and assets held for sale following a review of the company's assets, as required under IAS 36. This comprises an impairment charge of £16,317,000 (2012: £9,613,000), offset by impairment reversals of £766,000 (2012: £1,790,000).

The onerous lease provision relates to pubs for which future trading profits, or income from subleases, are not expected to cover the rent. The provision takes several factors into account, including the expected future profitability of the pub, but also the amount estimated as payable on surrender of the lease, where this is a possible outcome. In the year, £3,278,000 (2012: £2,229,000) was incurred in respect of onerous leases.

The loss on disposal of property, plant and equipment in the year relates to the sale of three pubs, and in the previous year related to the sale of three pubs. Also, in the previous year, exceptional costs were incurred for the write-off of redundant IT assets and restructuring costs.

	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
Property impairment	15,551	7,823
Onerous lease provision	3,278	2,229
Loss on disposal of property, plant and equipment	971	1,062
Write-off of IT-related assets	–	1,742
Restructuring costs	–	625
Operating exceptional items	19,800	13,481

4 Employee benefits expense

	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
Wages and salaries	326,479	305,156
Social Security costs	21,778	19,544
Pension costs	2,187	1,668
Share-based payments	6,539	5,379
	356,983	331,747
The totals below relate to the average number of employees during the year, not the total number of employees at the end of the year.		
	2013 Number	2012 Number
Full-time equivalents		
Managerial/administration	3,675	3,584
Hourly paid staff	11,727	10,819
	15,402	14,403
	2013 Number	2012 Number
Total employees		
Managerial/administration	4,065	3,953
Hourly paid staff	25,406	22,912
	29,471	26,865

For details of the Share Incentive Plan and the 2005 Deferred Bonus Scheme, refer to the remuneration report on pages 46 to 50.

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 equally over their three-year life. The share-based payment charge above represents the annual cost of bonuses awarded over the past three years.

5 Finance income and costs

	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
Finance costs		
Interest payable on bank loans and overdrafts	32,208	32,826
Amortisation of bank loan issue costs	1,655	1,709
Interest payable on obligations under finance leases	622	475
Total finance costs	34,485	35,010
Bank interest receivable	(118)	(55)
Total finance income	(118)	(55)
Total net finance costs	34,367	34,955

Further details are provided in account note 20.

	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
Analysis of finance income and costs in categories in accordance with IAS 39		
Loans and receivables	(118)	(55)
Financial liabilities carried at amortised cost	14,611	15,996
Financial derivatives	19,233	18,475
Other financial expenses	641	539
Total net finance costs	34,367	34,955

The net finance costs during the year decreased from £35.0 million to £34.4 million. The finance costs in the income statement were covered 3.2 times (2012: 3.1 times), on a pre-exceptional basis.

6 Income tax expense

(a) Tax on profit on ordinary activities

Tax charged in the income statement

The standard rate of corporation tax in the UK changed from 24% to 23%, with effect from 1 April 2013.

Accordingly, the company's profits for this accounting period are taxed at an effective rate of 23.7% (2012: 25.3%).

	52 weeks ended 28 July 2013 Before exceptional items £000	52 weeks ended 28 July 2013 After exceptional items £000	53 weeks ended 29 July 2012 Before exceptional items £000	53 weeks ended 29 July 2012 After exceptional items £000
Current income tax:				
Current income tax charge	19,356	18,580	18,538	17,815
Total current income tax	19,356	18,580	18,538	17,815
Deferred tax:				
Origination and reversal of temporary differences	1,095	1,095	2,127	2,127
Impact of change in UK tax rate	(8,720)	(8,720)	(5,627)	(5,627)
Total deferred tax	(7,625)	(7,625)	(3,500)	(3,500)
Tax charge in the income statement	11,731	10,955	15,038	14,315
Tax relating to items charged or credited to other comprehensive income				
Deferred tax:				
Tax charge/(credit) on interest-rate swaps	6,378	6,378	(717)	(717)
Tax charge/(credit) in the statement of comprehensive income	6,378	6,378	(717)	(717)

6 Income tax expense continued**(b) Reconciliation of the total tax charge**

The tax expense after exceptional items in the income statement for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 23.7% (2012: 25.3%), owing largely to the adjustment in respect of the change in the tax rate. The differences are reconciled below:

	52 weeks ended 28 July 2013 Before exceptional items £000	52 weeks ended 28 July 2013 After exceptional items £000	53 weeks ended 29 July 2012 Before exceptional items £000	53 weeks ended 29 July 2012 After exceptional items £000
Profit before income tax	76,943	57,143	72,363	58,882
Profit multiplied by the UK standard rate of corporation tax of 23.7% (2012: 25.3%)	18,210	13,524	18,332	14,917
Abortive acquisition costs and disposals	88	88	39	39
Other disallowables	116	116	192	192
Other allowable deductions	(151)	(151)	(55)	(55)
Non-qualifying depreciation	2,995	6,905	2,502	5,194
Deduction for share options and SIPs	(402)	(402)	(7)	(7)
Deferred tax on balance-sheet-only items	(204)	(204)	(121)	(121)
Adjustment to deferred tax in respect of change in tax rate	(8,921)	(8,921)	(5,844)	(5,844)
Total tax expense reported in the income statement	11,731	10,955	15,038	14,315

On 1 April 2014, the UK standard rate of corporation tax is set to fall to 21% and is due to reduce a further 1%, to 20%, by 1 April 2015.

6 Income tax expense continued

(c) Deferred tax

The deferred tax in the balance sheet is as follows:

Deferred tax liabilities	Accelerated tax depreciation £000	Revaluation of land and buildings £000	Other temporary differences £000	Total £000
At 24 July 2011	62,830	2,629	5,989	71,448
Credited to the income statement	(2,934)	(337)	(317)	(3,588)
At 29 July 2012	59,896	2,292	5,672	67,860
Transfer to deferred tax assets	–	–	891	891
Impact of change in tax rate on opening balance	(7,812)	(299)	(856)	(8,967)
Movement during year charged/(credited) to income statement	1,285	(104)	166	1,347
At 28 July 2013	53,369	1,889	5,873	61,131

Deferred tax assets	Share- based payments £000	Capital losses carried forward £000	Interest-rate swaps £000	Total £000
At 24 July 2011	–	1,099	14,470	15,569
Debited to the income statement	–	(88)	(1,158)	(1,246)
Credited to other comprehensive income	–	–	1,875	1,875
At 29 July 2012	–	1,011	15,187	16,198
Transfer from deferred tax liabilities	891	–	–	891
Impact of change in tax rate on opening balance	(116)	(131)	(1,320)	(1,567)
Movement during year credited to the income statement	–	251	–	251
Movement during year credited to equity	816	–	–	816
Movement during year debited to other comprehensive income	–	–	(5,058)	(5,058)
At 28 July 2013	1,591	1,131	8,809	11,531

The Finance Bill 2013 was substantively enacted before the balance sheet date of 28 July 2013. It included legislation to reduce the main rate of corporation tax to 21% (with effect from 1 April 2014) and 20% from 1 April 2015. The lower rate of 20% has been used to determine the overall net deferred tax liability, as the temporary differences are expected to reverse at the lower rate.

The reversal of the deferred tax asset, in relation to capital losses, is dependent on the availability of capital gains on future disposals. This asset is likely to be reversed after more than 12 months. The deferred tax liabilities are expected to unwind after more than 12 months.

7 Earnings and cash flow per share

Basic earnings per share have not been calculated by dividing the profit attributable to equity holders of £46,188,000 (2012: £44,567,000) by the weighted average number of shares in issue of 126,036,296 (2012: 129,998,234). International reporting standards require that the weighted average number of shares be adjusted to exclude shares held in trust in respect of the employee Share Incentive Plan and the 2005 Deferred Bonus Scheme. This has resulted in the number of shares used in the calculation of 120,684,262 (2012: 125,085,248).

On this basis, earnings per share before exceptional items have been calculated before items detailed in note 3. The weighted average number of shares held in trust of 5,352,034 (2012: 4,919,213), which have a dilutive effect, has been excluded in the calculation of undiluted earnings per share in the table below. Therefore, the weighted average number of ordinary shares used in this calculation is 120,684,262 (2012: 125,085,248).

The calculation of diluted earnings per share (in the table below) is based on the weighted average number of shares in issue of 126,036,296 (2012: 129,988,234), including those held in trust in respect of employee share schemes.

Adjusted earnings exclude an adjustment in respect of the corporation tax-rate change of £8,720,000 (2012: £5,627,000) and exceptional items.

Earnings per share	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
Earnings (profit after tax)	46,188	44,567
Exclude one-off tax benefit (rate change)	(8,720)	(5,627)
Adjusted earnings after exceptional items	37,468	38,940
Exclude effect of exceptional items net of tax	19,024	12,758
Adjusted earnings before exceptional items	56,492	51,698
Undiluted earnings per share (excluding shares held in trust)		
Basic earnings per share	38.3p	35.6p
Adjusted earnings per share before exceptional items	46.8p	41.3p
Adjusted earnings per share after exceptional items	31.0p	31.1p
Diluted earnings per share (including shares held in trust)		
If the shares held in trust in respect of the employee share schemes are included for the purpose of the earnings per share calculation, the following diluted measures would hold true, based on a weighted average of 126,036,296 (2012: 129,998,234) shares in issue.		
Diluted earnings per share	36.6p	34.3p
Diluted adjusted earnings per share before exceptional items	44.8p	39.8p
Diluted adjusted earnings per share after exceptional items	29.7p	30.0p

Free cash flow per share

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

Free cash flow per share	52 weeks ended 28 July 2013	53 weeks ended 29 July 2012
Free cash flow (£000)	65,349	91,542
Free cash flow per share (p)	51.8	70.4

8 Cash generated from operations

	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
Profit for the year	46,188	44,567
Adjusted for:		
Tax	10,955	14,315
Impairment charge	15,551	7,823
Onerous lease provision	3,278	2,229
Loss on disposal of property, plant and equipment	971	2,804
Amortisation of intangible assets	2,650	1,423
Depreciation of property, plant and equipment	50,084	47,416
Lease premium amortisation	363	327
Share-based charges	6,539	5,379
Interest receivable	(118)	(55)
Amortisation of bank loan issue costs	1,655	1,709
Interest payable	32,830	33,301
	170,946	161,238
Change in inventories	1,118	514
Change in receivables	(5,255)	2,598
Change in payables	(1,887)	32,383
Net cash inflow from operating activities	164,922	196,733

9 Analysis of changes in net debt

	At 29 July 2012 £000	Cash flows £000	Non-cash movement £000	At 28 July 2013 £000
Cash in hand	28,040	1,797	–	29,837
Debt due after one year (notes 19 and 20)	(474,559)	(17,585)	(1,655)	(493,799)
Bank borrowing	(446,519)	(15,788)	(1,655)	(463,962)
Finance lease creditor – due less than one year	(5,880)	5,841	(5,513)	(5,552)
Finance lease creditor – due after one year	(10,212)	–	5,513	(4,699)
Net borrowings	(462,611)	(9,947)	(1,655)	(474,213)
Derivative: interest-rate swaps (note 20)	(66,029)	–	21,984	(44,045)
Net debt	(528,640)	(9,947)	20,329	(518,258)

Non-cash movements

The non-cash movement in debt due after one year relates to the amortisation of bank loan issue costs.

The movement in interest-rate swaps of £22.0 million relates to the change in the 'mark to market' valuations for the year.

10 Dividends paid and proposed

	52 weeks ended 28 July 2013 £000	53 weeks ended 29 July 2012 £000
Declared and paid during the year:		
Dividends on ordinary shares:		
– final for 2011/12: 8.0p (2010/11: 8.0p)	10,021	10,475
– interim for 2012/13: 4.0p (2011/12: 4.0p)	5,032	5,069
Dividends paid	15,053	15,544
Proposed for approval by shareholders at the AGM:		
– final dividend for 2012/13: 8.0p (2011/12: 8.0p)	9,623	10,006

As detailed in the interim accounts, the board declared and paid an interim dividend of 4.0p for the financial year ended 28 July 2013.

11 Property, plant and equipment

	Freehold and long-leasehold property £000	Short- leasehold property £000	Equipment, fixtures and fittings £000	Expenditure on unopened properties £000	Total £000
Cost:					
At 24 July 2011	624,746	391,451	355,963	23,105	1,395,265
Additions	8,102	6,302	26,083	61,652	102,139
Transfers	34,903	19,395	14,881	(69,179)	–
Transfer to/from assets held for sale	(4,001)	(895)	(952)	611	(5,237)
Disposals	–	(2,355)	(6,245)	(633)	(9,233)
Reclassification	4,309	(3,809)	–	–	500
At 29 July 2012	668,059	410,089	389,730	15,556	1,483,434
Additions	2,852	11,645	27,791	55,650	97,938
Transfers	26,470	11,302	13,090	(50,862)	–
Transfer from assets held for sale	1,693	1,135	–	–	2,828
Disposals	(1,693)	(1,952)	(2,536)	–	(6,181)
Reclassification	6,090	(6,090)	–	–	–
At 28 July 2013	703,471	426,129	428,075	20,344	1,578,019
Accumulated depreciation and impairment:					
At 24 July 2011	103,306	156,516	253,772	400	513,994
Provided during the period	11,201	12,582	23,633	–	47,416
Impairment loss	7,317	715	(209)	–	7,823
Disposals	–	(1,725)	(5,660)	–	(7,385)
Transfer to/from assets held for sale	(2,748)	(315)	(660)	541	(3,182)
Reclassification	906	(479)	–	–	427
At 29 July 2012	119,982	167,294	270,876	941	559,093
Provided during the period	11,107	13,127	25,850	–	50,084
Impairment loss	6,458	6,809	1,191	–	14,458
Disposals	(1,320)	(797)	(2,179)	–	(4,296)
Transfer from assets held for sale	1,328	424	–	–	1,752
Reclassification	1,899	(1,899)	–	–	–
At 28 July 2013	139,454	184,958	295,738	941	621,091
Net book amount at 28 July 2013	564,017	241,171	132,337	19,403	956,928
Net book amount at 29 July 2012	548,077	242,795	118,854	14,615	924,341
Net book amount at 24 July 2011	521,440	234,935	102,191	22,705	881,271

11 Property, plant and equipment continued

Impairment of property, plant and equipment

In assessing whether a pub has been impaired, the book value of the pub is compared with its anticipated future cash flows. Assumptions are used about sales, costs and profit, using a pre-tax discount rate for future years of 10% (2012: 10%).

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

As a result of this exercise, a net impairment loss of £14,458,000 (2012: £7,823,000) was charged to operating costs in the income statement, as described in note 3.

Management believes that a reasonable change in any of the key assumptions, for example the discount rate applied to each pub, could cause the carrying value of the pub to exceed its recoverable amount, but that the change would be immaterial.

Finance leases

Certain items of furniture, kitchen and IT equipment are subject to finance leases.

The carrying value of these assets, held under finance leases at 28 July 2013, included in equipment, fixtures and fittings, was as follows:

	2013 £000	2012 £000
Net book value	10,554	12,794

12 Intangible assets

	£000
Cost:	
At 24 July 2011	22,987
Additions	8,647
Disposals	(2,021)
At 29 July 2012	29,613
Additions	5,880
At 28 July 2013	35,493
Accumulated amortisation:	
At 24 July 2011	11,462
Amortisation during the period	1,423
Disposals	(208)
At 29 July 2012	12,677
Amortisation during the period	2,650
At 28 July 2013	15,327
Net book amount at 28 July 2013	20,166
Net book amount at 29 July 2012	16,936
Net book amount at 24 July 2011	11,525

Amortisation of £2,650,000 (2012: £1,423,000) is included in operating costs in the income statement.

The majority of intangible assets relates to computer software and development.

Included in the intangible assets is £4,258,000 of assets in the course of development (2012: £10,575,000).

Finance leases

The carrying value of fixed assets held under finance leases at 28 July 2013, included in intangible assets, was as follows:

	2013 £000	2012 £000
Net book value	4,626	5,170

13 Other non-current assets

These assets relate to lease premiums whereby the company has paid a landlord a sum of money to take over the benefit of a lease.

	Lease premiums £000
Cost:	
At 24 July 2011	13,988
Additions	489
Reclassification	(500)
At 29 July 2012	13,977
Additions	93
At 28 July 2013	14,070
Accumulated amortisation:	
At 24 July 2011	3,468
Amortisation during the period	327
Transfer to/from assets held for sale	(73)
Reclassification	(427)
At 29 July 2012	3,295
Amortisation during the period	363
Impairment	515
At 28 July 2013	4,173
Net book amount at 28 July 2013	9,897
Net book amount at 29 July 2012	10,682
Net book amount at 24 July 2011	10,520

14 Inventories

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

	2013 £000	2012 £000
Goods for resale at cost	19,857	20,975

15 Receivables

Receivables relate to situations where third parties owe the company money. Examples include rebates from suppliers and overpayments of certain taxes.

Prepayments relate to payments which have been made in respect of liabilities after the period end.

	2013 £000	2012 £000
Receivables	5,457	5,159
Prepayments and accrued income	18,483	13,526
	23,940	18,685

At the balance sheet date, the company was exposed to a maximum credit risk of £5.5 million, of which £210,000 was overdue. The company holds no collateral for these receivables. An impairment of £105,000 was charged to the income statement in the year. No further impairment to receivables was deemed necessary at the balance sheet date.

16 Assets held for resale

This relates to situations in which the company has decided to sell a property, but the transaction is not yet under contract.

As at 28 July 2013, one site was classified as held for sale (2012: three sites).

The major classes of assets held, comprising the sites classified as held for sale, were as follows:

	2013 £000	2012 £000
Property, plant and equipment	422	2,055

A total loss of £578,000, in writing these assets down to fair value less costs to sell, has been included in the impairment charge in exceptional items (note 3).

It is expected that this site will be disposed of in the new financial year.

17 Cash and cash equivalents

	2013 £000	2012 £000
Cash at bank and in hand	29,837	28,040

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

18 Trade and other payables

This category relates to money owed by the company to suppliers and the government.

Accruals refer to allowances made by the company for future anticipated payments to suppliers and other creditors.

	2013 £000	2012 £000
Trade payables	99,540	106,681
Other payables	11,303	7,922
Other tax and Social Security	37,289	39,180
Accruals and deferred income	59,815	53,331
	207,947	207,114

19 Borrowings

	2013 £000	2012 £000
Current (due within one year)		
Finance lease obligations	5,552	5,880
Non-current (due after one year)		
Bank loans		
Variable-rate facility	498,195	480,590
Unamortised bank loan issue costs	(4,396)	(6,031)
Other		
Finance lease obligations	4,699	10,212
Total non-current financial liabilities	498,498	484,771

20 Financial instruments

For a discussion on capital risk management, please refer to section 2 on page 40. Also discussed in section 2 on pages 40 and 41 are the financial risks associated with financial instruments, including credit risk and liquidity risk.

The table below analyses the company's financial liabilities which will be settled on a net basis into relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Maturity profile of financial liabilities

	Within 1 year £000	1–2 years £000	2–3 years £000	3–4 years £000	4–5 years £000	More than 5 years £000	Total £000
At 28 July 2013							
Bank loans	12,450	12,450	518,425	–	–	–	543,325
Finance lease obligations	5,949	2,801	2,101	–	–	–	10,851
Trade and other payables	170,659	–	–	–	–	–	170,659
Derivatives	19,341	13,892	12,137	6,873	6,795	2,007	61,045
At 29 July 2012							
Bank loans	12,163	12,163	12,163	493,198	–	–	529,687
Finance lease obligations	6,496	5,949	2,801	2,101	–	–	17,347
Trade and other payables	167,934	–	–	–	–	–	167,934
Derivatives	19,428	19,428	13,722	11,862	4,761	4,683	73,884

At the balance sheet date, the company had loan facilities of £575 million (2012: £575 million) as detailed below:

- Unsecured revolving-loan facility of £555 million
 - Matures March 2016
 - 11 participating lenders
- Overdraft facility of £20 million

The company has hedged its interest-rate liabilities to its banks by swapping the floating-rate debt into fixed-rate debt which fixed £400 million of these borrowings at rates of between 5.25% and 5.52%. The effective weighted average interest rate of the swap agreements is 5.33% (2012: 5.33%), fixed for a weighted average period of 1.9 years (2012: 2.9 years).

The company also holds forward-starting interest-rate swap agreements totalling £400 million to July 2018, to replace the existing swaps, when they expire. The effective average interest rate is 3.5% from 12 November 2014 to 31 July 2016. From 31 July 2016 to 31 July 2018, the weighted average interest rate falls to 2.2%.

At the balance sheet date, £510 million (2012: £485 million) was drawn down under the £555-million unsecured-term revolving-loan facility, with interest rates set for periods of between one and six months, at which point monies are repaid and, if appropriate, redrawn.

20 Financial instruments continued**Interest-rate and currency risks of financial liabilities**

An analysis of the interest-rate profile of the financial liabilities, after taking account of all interest-rate swaps, is set out in the following table.

	2013 £000	2012 £000
Analysis of interest-rate profile of the financial liabilities		
Floating-rate borrowings	93,799	74,559
Fixed-rate borrowings:		
– bank loans	400,000	400,000
– finance lease obligations	10,251	16,092
	504,050	490,651

The floating-rate borrowings are interest-bearing borrowings at rates based on LIBOR, fixed for periods of up to one month.

Obligations under finance leases

The minimum lease payments under finance leases fall due as follows:

	2013 £000	2012 £000
Within one year	5,949	6,496
In the second to fifth year, inclusive	4,902	10,852
	10,851	17,348
Less future finance charges	(600)	(1,256)
Present value of lease obligations	10,251	16,092
Less amount due for settlement within one year	(5,949)	(6,496)
Amount due for settlement during the second to fifth year, inclusive	4,302	9,596

All finance lease obligations are in respect of various equipment and software used in the business. No escalation clauses are included in the agreements.

20 Financial instruments continued**Fair values**

In some cases, payments which are due to be made in the future by the company or due to be received by the company have to be given a fair value.

The table below highlights any differences between book value and fair value of financial instruments.

	2013 Book value £000	2013 Fair value £000	2012 Book value £000	2012 Fair value £000
Financial assets				
Cash and cash equivalents	29,837	29,837	28,040	28,040
Receivables	5,456	5,456	5,159	5,159
Financial liabilities at amortised cost				
Trade and other payables	(170,659)	(170,659)	(167,934)	(167,934)
Finance lease obligations	(10,251)	(10,366)	(16,092)	(16,236)
Long-term borrowings	(493,799)	(523,011)	(474,559)	(513,831)
Financial liabilities at fair value through profit or loss				
Interest-rate swaps	(44,045)	(44,045)	(66,029)	(66,029)

The fair value of finance leases has been calculated by discounting the expected cash flows at the year end's prevailing interest rates.

The fair value of derivatives has been calculated by discounting all future cash flows by the market yield curve at the balance sheet date.

The fair value of borrowings has been calculated by discounting the expected future cash flows at the year end's prevailing interest rates.

Interest-rate swaps

At 28 July 2013, the company had fixed-rate swaps designated as hedges of floating-rate borrowings. The floating-rate borrowings are interest-bearing borrowings at rates based on LIBOR, fixed for periods of up to one month.

The interest-rate swaps of the floating-rate borrowings were assessed to be effective; a cumulative loss of £44,045,000 (2012: a loss of £66,029,000), with a deferred tax credit of £8,809,000 (2012: a credit of £15,187,000), relating to the hedging instrument, is included in equity. A credit of £21,984,000 for the year (2012: loss of £8,149,000) is reflected in equity.

Fair value of financial assets and liabilities

Effective from 27 July 2009, the company adopted the amendment to IFRS 7 for financial instruments which are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level, using the following fair value measurement hierarchy:

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

The fair value of the interest-rate swaps of £44.0 million is considered to be level 2. All other financial assets and liabilities are measured in the balance sheet at amortised cost.

21 Other liabilities

	2013 £000	2012 £000
Operating lease incentives	12,710	10,817
Onerous lease provision	3,520	1,747
Amount held in respect of gaming machine settlement under appeal by HMRC	14,947	14,947
Other liabilities	31,177	27,511

Included in other liabilities are lease incentives on leases where the lessor retains substantially all of the risks and benefits of ownership of the asset. The lease incentives are recognised as a reduction in rent over the lease term and shown as a liability on the balance sheet.

The weighted average period to maturity of operating lease incentives is 14.6 years (2012: 15.9 years).

Also included is an amount held in respect of the company's gaming machine VAT claim. HMRC made a repayment of the existing claim, subject to the company providing a guarantee to HMRC that, in the event that the existing decision is overturned in a higher court, the amount will be repayable in full. The company is holding the repayment amount of £14,947,000 as a liability, until the Rank plc case has reached its final conclusion.

The Rank plc case was heard in the Court of Appeal in May 2013 – with a decision not yet released at the balance sheet date.

22 Financial commitments

About 55% of the company's pubs are leasehold. New leases are normally for 30 years, with a break clause after 15 years. Most leases have upwards-only rent reviews, based on open-market rental at the time of review, but the majority of new pub leases have an uplift in rent which is fixed at the start of the lease.

The minimum contractual operating lease commitments fall due as follows:

Land and buildings	2013 £000	2012 £000
Within one year	62,760	62,379
Between one and five years	240,285	241,646
After five years	855,247	894,242
	1,158,292	1,198,267

The company has some lease commitments, with rentals determined in relation to sales. An estimate of the future minimum rental payments under such leases of £63 million (2012: £62 million) is included above.

23 Capital commitments

The company had £nil capital commitments for which no provision had been made, in respect of property, plant and equipment, at 28 July 2013 (2012: £nil).

The company has some 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.

24 Related-party disclosures

No transactions have been entered into with related parties during the year.

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

J D Wetherspoon (Scot) Limited
 J D Wetherspoon Property Holdings Limited
 Moon and Spoon Limited
 Moon and Stars Limited
 Moon on the Hill Limited
 Moorsom & Co Limited
 Sylvan Moon Limited

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.

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

Key management compensation:

	2013 £000	2012 £000
Salaries and short-term employee benefits	2,824	2,699
Post-employment pension benefits	179	164
Termination benefits	–	132
Share-based charges	1,636	366
	4,639	3,361

Key management comprises the executive directors and management board, as described in the section detailing directors, officers and advisers.

For additional information about directors' emoluments, please refer to the directors' remuneration report.

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 46 to 50 which forms part of these financial statements.

25 Share capital

	Number of shares 000s	Share capital £000
At 24 July 2011	131,608	2,632
Allotments	30	1
Repurchase of shares	(5,602)	(112)
At 29 July 2012	126,036	2,521
Allotments	–	–
Repurchase of shares	–	–
At 28 July 2013	126,036	2,521

The total authorised number of 2p ordinary shares is 500 million (2012: 500 million). All issued shares are fully paid. In the year, there were no proceeds from the issue of shares (2012: £96,000).

During the year, no shares were repurchased by the company for cancellation. In the previous year, 5,602,174 shares (representing approximately 4.3% of the issued share capital) were repurchased by the company for cancellation, at a cost of £22.7 million, including stamp duty, representing an average cost per share of 405p.

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.

26 Share-based payments

Movements in the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, each category of share options during the year. The significance of options granted before 7 November 2002 is that they have been excluded from the IFRS 2 share-based payment charge, on the basis of their date of grant. No options were granted after 7 November 2002.

(a) New Discretionary Share Option Scheme (NDSO)

	2013 Number	2013 WAEP	2012 Number	2012 WAEP
Outstanding at the beginning of the year	–	–	13,490	339.0
Lapsed in the year	–	–	(5,130)	339.0
Exercised in the year	–	–	(8,360)	339.0
Outstanding at the end of the year	–	–	–	339.0

(b) 2001 Executive Scheme (2001 scheme)

	2013 Number	2013 WAEP	2012 Number	2012 WAEP
Outstanding at the beginning of the year	–	–	37,455	301.5
Lapsed in the year	–	–	(15,483)	301.5
Exercised in the year	–	–	(21,972)	301.5
Outstanding at the end of the year	–	–	–	301.5

At 28 July 2013, there were no members and no shares held in the NDSO scheme or the 2001 scheme.

27 Events after the balance sheet date

Following the year end, the company concluded an amendment and restatement of its existing banking facility. The new non-amortising £670-million four-year-and-eight-month facility, expiring in March 2018, was put in place, with a syndicate of eight existing lenders and one new lender. Total facilities now available, including the overdraft, are £690 million.

FINANCIAL RECORD for the five years ended 28 July 2013

	2009 £000	2010 £000	2011 £000	2012 £000	2013 £000
Sales and results					
Revenue from continuing operations	955,119	996,327	1,072,014	1,197,129	1,280,929
Operating profit before exceptional items	97,001	100,013	102,309	107,318	111,310
Exceptional items	(21,920)	(10,557)	(5,389)	(13,481)	(19,800)
Finance income	336	16	36	55	118
Finance costs	(31,182)	(29,014)	(35,564)	(35,010)	(34,485)
Fair value loss on financial derivatives	794	–	–	–	–
Profit on ordinary activities before taxation	45,029	60,458	61,392	58,882	57,143
Taxation	(19,730)	(19,680)	(14,600)	(14,315)	(10,955)
Profit for the year	25,299	40,778	46,792	44,567	46,188
Net assets employed					
Non-current assets	797,496	845,012	918,885	968,157	998,522
Net current liabilities	(199,468)	(111,164)	(131,492)	(152,342)	(148,756)
Non-current liabilities	(346,259)	(473,034)	(520,134)	(550,800)	(542,543)
Deferred tax and other liabilities	(84,076)	(98,673)	(96,214)	(95,371)	(92,308)
Shareholders' funds	167,693	162,141	171,045	169,644	214,915
Ratios					
Operating margin (excluding exceptional items)	10.2%	10.0%	9.5%	9.0%	8.7%
Earnings per share (excluding exceptional items)	32.6p	36.0p	35.3p	41.3p	46.8p
Free cash flow per share	71.7p	52.9p	57.7p	70.4p	51.8p
Dividends per share (interim and final)	0p	19.0p	12.0p	12.0p	12.0p

Notes to the financial record

(a) The summary of accounts has been extracted from the annual audited financial statements of the company for the five years shown.

The financial statements of J D Wetherspoon plc (the 'Company') for the year ended 28 July 2013 were authorised for issue by the board of directors on 13 September 2013, and the balance sheet was signed on the board's behalf by J Hutson and K Davis.

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.

The Company's financial statements have been prepared in accordance with the EU-endorsed IFRSs and IFRIC interpretations as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under IFRS. The principal accounting policies adopted by the Company are set out on pages 36 to 39.

ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Company have been prepared in accordance with IFRSs as adopted by the EU, IFRIC interpretations and the Companies Act 2006, applicable to companies reporting under IFRS. The financial statements have been prepared on the going-concern basis, using historical cost convention, except for the revaluation of financial instruments.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 28 July 2013.

Important estimates and judgements

Estimates and judgements are based on historical experience and other factors, including expectations of future events which are believed to be reasonable and constitute management's best judgement at the date of the financial statements. Actual experience may differ from these estimates. Complex areas on judgement or estimates involving sums which are significant to the accounts are disclosed below.

Impairment of property, plant and equipment

The Company determines whether a trading pub should be impaired by comparing its net book value with future cash flows ('value in use'), having made certain assumptions about sales, costs and profit and applying a pre-tax discount rate for future years of 10%.

Pubs and pub sites which the Company intends to sell, or might sell, are impaired if the expected net sale proceeds ('fair value') are less than the book value.

Fair value (less the costs of selling the assets) is determined using external and internal estimates of the value of the Company's pubs.

The value in use is calculated using the estimated earnings and cash flows derived by management estimates and applying a suitable pre-tax discount rate to these cash flows.

At each reporting date, the Company assesses whether an asset may be impaired.

Any changes in the level of forecast earnings or cash flows, the discount rate applied to those or the estimate in sale proceeds/fair value could give rise to an additional or reduced impairment provision.

If a previously recognised impairment loss is reversed, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount which would have been determined, net of depreciation, had no impairment loss

been recognised for the asset in previous years. After such a reversal, the depreciation charge is adjusted in future periods, to allocate the asset's revised carrying amount, less any residual value, over its remaining useful life.

Hedging

The Company adopts hedge accounting which means that the effective portion of the changes in the fair value of the derivatives is dealt with in other comprehensive income. Any gain or loss relating to the ineffective portion would be recognised immediately in the income statement.

Taxation

Significant judgement is required to determine the provision for taxes, as the tax treatment for some transactions cannot be fully determined until a formal resolution has been reached with the tax authorities. Tax benefits are not recognised until it is probable that the benefit will be obtained.

Deferred tax

Deferred tax assets and liabilities require management's judgement in determining the amounts to be recognised. In particular, significant consideration is given to the timing and level of future taxable income and any future tax-planning strategies.

Segmental reporting

The Company operates one type of business (pubs) in the United Kingdom. Given the immaterial size of the Company's hotel business, this has not been separately disclosed as a business segment.

Exceptional items

The Company presents, on the face of the income statement, those material 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.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed 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.

Depreciation is charged on a straight-line basis, over the estimated useful life of the asset as follows:

Freehold land is not depreciated.

Freehold and long-leasehold buildings are depreciated to their estimated residual values over 50 years.

Short-leasehold buildings are depreciated over the lease period.

Equipment, fixtures and fittings are depreciated over three to 10 years.

Unopened properties are not depreciated until such time as economic benefits are derived.

Profits and losses on disposal of property, plant and equipment reflect the difference between the net selling price and the carrying amount at the date of disposal and are recognised in the income statement.

Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Intangible assets

Intangible assets are carried at cost, less accumulated amortisation and accumulated impairment losses.

Intangible assets with a finite life are amortised on a straight-line basis over their expected useful life, as follows:

Computer software – three to 10 years

The carrying value of intangible assets is reviewed annually for impairment, in case there has been an event or change in circumstances indicating that the carrying value may not be recoverable.

Lease premiums

Payments made on entering into or acquiring leaseholds which are accounted for as operating leases represent prepaid lease payments. These are amortised on a straight-line basis, over the lease term to the break clause. Lease premiums are disclosed as other non-current assets.

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. 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 the basis of 'first in, first out', 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.

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 the obligation's amount.

Revenue recognition

Revenue recognised at the time of sale is the value of bar, food, slot machine and hotel room sales, after deducting discounts and sales-based taxes.

Leases

Leases where the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are capitalised at the lower of their fair value and the present value of future lease payments. The corresponding liability is included in the balance sheet as a finance lease payable. Finance charges included in lease payments are charged as an expense to the income statement, and the asset depreciation is charged in line with the accounting policy for property, plant and equipment.

Leases where the lessor retains substantially all of the risks and benefits of ownership of the asset 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.

The Company also has contingent rentals payable, based on turnover. These are charged to operating profit at the higher of minimum contractual obligations under the agreements or based as a percentage of turnover.

Lease incentives

Lease incentives are recognised as a reduction of rental expense to the break clause. These are amortised on a straight-line basis.

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.

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 equity, if it relates to items which are credited or charged to equity. Otherwise, income tax is recognised in the income statement.

Free cash flow

The calculation of free cash flow is based on the net cash generated by business activities after funding interest, corporation tax, all reinvestment in information technology, head office and pubs trading at the start of the period and the purchase of own shares under the employee share-based plan.

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

The Company classifies its financial assets as loans and receivables. The Company has no assets which would fall into a category outside of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. 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. Loans and receivables comprise

'other receivables' and 'cash and cash equivalents' on the balance sheet.

Receivables

Other receivables are initially recognised at fair value and carried at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made, when collection of the full amount is no longer probable. Bad debts are written off, when identified.

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.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. The Company currently has no liabilities which would fall outside of this category, with the exception of interest-rate swaps which are described below in the section dealing with hedging and are classified as fair value through profit and loss.

Other financial liabilities are measured at fair value on initial recognition and subsequently measured at amortised cost, using the effective-interest method.

Trade and other payables

Trade and other payables are initially recognised 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 initially recorded 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 only where, at the inception of

the hedge, there is formal designation and documentation of the hedging relationship, it meets the Company's risk-management objective for undertaking the hedge and it is expected to be highly effective.

Interest-rate swaps

Interest-rate swaps are classified as hedges where they hedge exposure to cash flow variability in interest rates.

For interest-rate swaps, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement within 'fair value gain/loss on financial derivatives'. Amounts taken to equity are transferred to the income statement only when the hedged transaction is assessed to be ineffective when considering the Company's forecast debt levels for the period of time for which the swaps are in place.

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.

Foreign currencies

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

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.

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

Changes in net debt are both the cash and non-cash movements of the year, including movements in derivative financial instruments, of finance leases, 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 valuing these transactions, 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.

Standards, amendments and interpretations effective in the current year, but not relevant to the Company:

- Amendment to IAS 12 'Income taxes' on deferred tax
- Amendment to IAS 1 'Presentation of financial statements on other comprehensive income'

Standards and interpretations which are not yet effective and have not been early adopted by the Company:

- Amendment to IAS 19 'Employee benefits'
- Amendment to IFRS 1 'First time adoption', on government loans
- Amendment to IFRS 7 'Financial instruments: Disclosures', on asset- and liability-offsetting
- Annual improvements 2011
- IFRS 10 'Consolidated financial statements'
- IFRS 11 'Joint arrangements'
- IFRS 12 'Disclosures of interest in other entities'
- IFRS 13 'Fair value measurement'
- IAS 27 'Separate financial statements'
- IAS 28 'Associates and joint ventures'
- IFRIC 20 'Stripping costs in the production phase of a surface mine'

The above standards and interpretations are not expected to have a significant impact on the Company's results or financial position.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

In the course of normal business, the Company continually assesses significant risks faced and takes action to mitigate the potential impact.

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:

Strategic risks

Economic outlook

The Company aims to improve its customer offering continually, so that it remains competitively placed in the market in which it operates. Adverse economic conditions can theoretically have an effect on the Company's performance, although, historically, these effects have been muted.

Regulation of the sale of alcohol

The pub business is highly regulated, with increases in alcohol duty, as well as increased regulation, a constant feature of the industry for many years.

Commercial risks

Cost increases

Inflationary pressures on the Company's costs pose a risk to margins, although the Company has been able to achieve satisfactory arrangements with its suppliers, up until now, in both good and difficult economic conditions.

Operational risks

Health and safety

The Company endeavours to ensure that all reasonable standards of health and safety are met, including a process by which risks are identified in a timely manner and remedied accordingly.

Supply chain risks

It is fundamental to our operations that we should be able to supply our pubs with the required goods and services.

We work closely with our suppliers and central distribution partners, in order to maintain availability of products, at all times.

Head office and national distribution centre

Any disasters at the Company's head office (in Watford) or its national distribution centre (in Daventry) could seriously disrupt its daily operations. Various measures have been undertaken by the Company, including a comprehensive disaster-recovery plan, seeking to minimise the impact of any such incidents.

Information technology

The Company's daily operations are increasingly reliant on its information technology systems. Any prolonged or significant failure of these systems could pose a risk to trading. The Company seeks to minimise this risk by ensuring that there are policies and procedures to ensure protection of hardware, software and information, by various means, including a disaster-recovery plan, a system of backups and external hardware and software.

Reputational risk

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 timeframe. The Company, therefore, in its daily business, maintains substantial efforts in this area to improve operational controls.

Financial risks

Capital risk management

The Company aims to increase sales, earnings and distributions to shareholders, while maintaining reasonable levels of capital and debt. Financial conditions since 2007/8 demonstrate that banking facilities may not be available for some companies in extraordinary circumstances – and this is a risk to the Company. However, in spite of extreme financial conditions, the Company was able to refinance its debt in March 2010, August 2011 and July 2013.

Interest-rate risk

The Company has dealt with the risks of an increase in interest rates by swapping the majority of its floating-rate borrowings into fixed rates which expire in 2018 (see note 20).

During the 52 weeks ended 28 July 2013, if the interest rates on UK-denominated borrowings had been 1% higher, with all other variables constant, pre-tax profit for the year would have been reduced by £1,088,000 and equity increased by £19,525,000. The movement in equity arises from a change in the 'mark to market' valuation of the interest-rate swaps into which the Company has entered, calculated by a 1% shift of the market yield curve. The Company considers that a 1% movement in interest rates represents a reasonable sensitivity to potential changes. However, this analysis is for illustrative purposes only.

Credit risk

The Company does not have a significant concentration of credit risk, as the majority of its revenue is in cash.

At the balance sheet date, the Company was exposed to a maximum credit risk of £5.5 million, of which £210,000 was overdue – and an impairment charge of £105,000 was taken to the income statement in the year.

Cash deposits with financial institutions and derivative transactions are permitted with investment-grade financial institutions only.

The Company receives a small amount of income from properties which it has sublet to third parties, but the sums involved from any one letting are immaterial.

Liquidity risk

The Company regularly monitors cash flow forecasts and endeavours to ensure that there are enough funds, including committed bank and finance lease facilities, to meet its business requirements and comply with banking covenants.

The risks in this area relate to miscalculating cash flow requirements, being unable to renew credit facilities or a substantial fall in sales and profits.

We have audited the financial statements of J D Wetherspoon plc for the 52-week period ended 28 July 2013 which comprise the income statement, the statement of comprehensive income, the cash flow statement, the balance sheet, the statement of changes in shareholders' equity, the accounting policies and the related notes. The financial reporting framework which has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, set out on pages 44 and 45, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements, in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for, and only for, the Company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed on by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; the overall presentation of the financial statements. In addition, we read all of the financial and non-financial information in the annual report, to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 July 2013 and of its profit and cash flows for the year then ended.
- have been properly prepared, in accordance with IFRSs as adopted by the European Union.

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the information given in the corporate governance statement, set out on pages 51 to 55, with respect to internal control and risk-management systems and about share capital structures, is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006, we are required 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 of the information and explanations which we require for our audit; or
- a corporate governance statement has not been prepared by the Company.

Under the Listing Rules, we are required to review:

- the directors' statement, set out on pages 44 and 45, in relation to going concern.
- the parts of the corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.
- certain elements of the report to shareholders by the board on directors' remuneration.

Andrew Paynter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 September 2013

DIRECTORS, OFFICERS AND ADVISERS

Tim Martin Chairman, aged 58

Founded the business in 1979, having previously studied law at Nottingham University and qualified as a barrister. He became chairman in 1983.

John Hutson Chief Executive Officer, aged 48

Joined in 1991 and was appointed to the board in 1996. He is a graduate of Exeter University and previously worked with Allied Domecq.

Kirk Davis Finance Director and Company Secretary, aged 42

Joined in 2008 as deputy finance director, was appointed as company secretary in October 2010 and became finance director in March 2011. He previously worked for Tesco plc and qualified as a chartered management accountant in 2004.

Su Cacioppo Personnel and Legal Director, aged 46

Joined in 1991 and was appointed to the board in 2008. She is a graduate of South Bank University and London Guildhall University and previously worked for Courage Ltd and Allied Leisure.

She worked in several operational roles in the Company, before being appointed as personnel director in 1999 and personnel and legal director in 2006.

Elizabeth McMeikan Senior Independent Director, aged 51

Appointed to the board in 2005 and is a member of the audit, remuneration and nomination committees. She is a graduate of Cambridge University. She is a non-executive director of several privately owned companies and chairs the Membership Selection Panel for Network Rail. She also holds several independent positions in government and Whitehall.

Elizabeth previously worked for Tesco plc for 12 years, in a wide variety of commercial and operational roles, both in the UK and overseas.

Debra van Gene Non-Executive Director, aged 58

Appointed to the board in 2006 and is the remuneration committee chair and a member of the audit and nomination committees. She is a graduate of Oxford University. She spent 17 years in the advertising industry, ending as deputy managing director of Butterfield Day Devito Hockney. Since then, she has worked in the executive search industry. She was a partner at Heidrick and Struggles and now runs her own company, Debra van Gene Associates Ltd, of which she is managing director.

Sir Richard Beckett Non-Executive Director, aged 69

Appointed to the board in 2009 and is the nomination committee's chair and a member of the audit and remuneration committees. He was called to the bar in 1965 and took silk in 1987. He was one of the pre-eminent practitioners in regulatory and licensing matters. He is also a non-executive director of Mercantile Investment Trust plc.

Mark Reckitt Non-Executive Director, aged 55

Appointed to the board in May 2012 and is the audit committee's chair and a member of the remuneration and nomination committees. He has been group strategy director at Smiths Group plc since February 2011. Before joining Smiths, he was chief strategy officer at Cadbury plc, from 2004 to 2010, and held a range of strategy and finance roles at Cadbury since joining in 1989, including UK finance director. Before joining Cadbury, he spent six years in investment banking and retailing, after qualifying as a chartered accountant in 1983.

Management board

The management board comprises John Hutson, Kirk Davis, Su Cacioppo and the following:

David Capstick IT and Property Director, aged 52

Joined in 1998 and is a graduate of the University of Surrey. He previously worked for Allied Domecq, as well as working in other areas of the hospitality industry, such as hotels and outside catering companies. He was appointed to the management board in 2003.

Martin Geoghegan Operations Director, aged 44

Joined in May 1994, having previously worked for Safeway plc. He worked in several operational roles, before being appointed as operations director in 2004.

Paul Hine Director of Purchasing and Logistics, aged 41

Joined in August 2001, having previously worked for Jungheinrich AG. He worked in several roles in purchasing, before being appointed as director of purchasing and logistics in January 2012.

Miles Slade Deputy Operations Director, aged 32

Joined in December 2000, as a bar associate. He worked in several pub and operational roles, before being appointed as deputy operations director in January 2012.

Registered office

Wetherspoon House
Central Park
Reeds Crescent
Watford
WD24 4QL

Company number

1709784

Registrars

Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 6ZY

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory
Auditors
1 Embankment Place
London
WC2N 6RH

Solicitors

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Bankers

Abbey National Treasury Services plc
Bank of Tokyo-Mitsubishi UFJ
Barclays Bank plc
BNP Paribas
Crédit Industriel et Commercial
HSBC Bank plc
Lloyds TSB Bank plc
Mediobanca International (Luxembourg) SA
The Royal Bank of Scotland plc

Financial advisers

Investec Bank plc

Stockbrokers

Investec Bank plc

Principal activities, business review and future developments

The principal activities of the Company are the development and management of public houses. Details of progress and future developments are given in the chairman's statement, operating and finance review, which includes various key performance indicators. While of utmost importance to the Company, the business review does not contain information about environmental, employee or community issues; these are covered in the corporate social responsibility report, available on the Company's website.

Dividends

The board proposes, subject to shareholders' consent, to pay a final dividend of 8.0p (2012: 8.0p) per share, on 28 November 2013, to those shareholders on the register on 25 October 2013, giving a total dividend for the year of 12.0p per share.

Principal risks and uncertainties

A discussion of the risks and uncertainties facing the Company is included in section 2 on pages 40 and 41 and incorporated by reference.

Directors

The directors who served during the year are listed on pages 43.

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 million ordinary shares of 2p each. As at 28 July 2013, the total issued share capital comprised 126,036,296 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 are given on page 56.

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 2012. 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 2013.

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

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

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

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the directors must not approve the financial statements, unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates which are reasonable and prudent.
- state whether applicable IFRSs as adopted by the European Union 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 which disclose, with reasonable accuracy, the financial position of the Company, at any time. The accounting records enable the directors to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 and that the Company's financial statements comply with Article 4 of the IAS regulation. The directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Each of the directors, whose names and functions are listed in the section headed 'directors, officers and advisers', confirms, to the best of his or her knowledge, that:

- the Company's financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company.
- the directors' report includes 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.
- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware.
- he or she has taken all steps which he or she ought to have taken as a director, in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' indemnities

The Company-maintained directors and officers' liability insurance throughout the year and at the date of approval of the financial statements which gave appropriate cover for any legal action brought against its directors.

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; they have satisfied themselves that the Company will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going-concern basis, in preparing the Company's financial statements.

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, nationality, ethnic origin, age, disability, gender, sexual orientation 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.

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

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

Policy on payment of suppliers

The Company agrees on terms and conditions with all suppliers before business takes place and has a policy of paying agreed invoices in accordance with the terms of payment. Trade creditors at the year end represented 55 (2012: 58) days' purchases.

Political and charitable contributions

The Company supports CLIC Sargent (caring for children with cancer and their families) and has helped to raise £1.6 million in the current year. It also provides advice and marketing support to the charity, at no cost. The Company also made a contribution of £96,000 to 'Drinkaware', a charitable trust which promotes responsible drinks retailing. The Company has not made any political donations in the year.

Events after the reporting period

The details of events after the reporting period can be found in note 27 on page 33.

By order of the board

Kirk Davis

Company Secretary
13 September 2013

This report has been drawn up after taking account of the UK Corporate Governance Code 2010. Shareholders will be asked to approve this at the annual general meeting on 14 November 2013.

Remuneration committee

The remuneration committee comprises the following independent directors: Debra van Gene (chair), Elizabeth McMeikan, Sir Richard Beckett and Mark Reckitt.

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.

Remuneration policy

The aim of this 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 throughout Wetherspoon, as well as those in the leisure industry in general, along with other comparisons and reports. The committee aims to take a fair and commonsense approach.

The Company measures the performance of the executive directors in respect of several areas, including:

- growth in profits before tax.
- growth in owners' earnings (cash profits).
- standards of service and pub amenities.
- the number and quality of pub calls carried out by each executive director.

The following comprises the components of the remuneration of all executive directors:

Salaries and cash bonuses

Salaries and other benefits are determined annually.

A cash bonus, based on profit growth, which is multiplied by a factor of 1.5, is paid to a maximum of 45% of salary. In addition, a further 5% is awarded for carrying out a set number of calls on our pubs per month, in order to monitor service and other standards.

The executive directors also receive bonuses in shares under the Share Incentive Plan and 2005 Deferred Bonus Scheme, as described below.

Pension provision

The Company makes contributions to personal pension schemes, on behalf of directors, equivalent to 12% of their annual pay. The Company does not operate any defined benefit pension schemes.

Share schemes

Share Incentive Plan

All employees with at least 18 months' service are entitled to receive shares under the Share Incentive Plan (an HMRC-approved scheme). This scheme allocates shares equivalent to 5% of an employee's salary. Shares do not vest for at least three years under this plan – and tax-free returns are possible, if the shares are held for five years or more.

The Company offers extra SIPs under this scheme to some employees: pub managers receive an extra 5% annual award; head-office staff 10–15%; senior managers and directors, including executive board directors, 20%.

Awards under this scheme are not based on financial or other targets. As discussed in the chairman's statement, 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 gradually accumulated, the value of which depends on the overall success of the Company.

2005 Deferred Bonus Scheme

In addition to the current Share Incentive Plan, the Company introduced a deferred bonus scheme, for senior managers, including executive directors, following shareholders' approval in 2005.

Bonus awards are made under the scheme, annually, at the discretion of the remuneration committee, to executive directors, general managers and certain other senior employees.

Under the scheme, bonus awards are based on the increase in owners' earnings (cash profits) per share, over the previous financial year.

Participants are entitled to an amount up to 3% of their annual base salary for every 1% increase in owners' earnings per share. The maximum bonus to be earned under this scheme is 100% of annual salary.

Owners' earnings are calculated as follows:

Profit before tax (excluding unrealised exceptional items)
Add: Depreciation and amortisation
Less: Cash reinvestment in current properties
Less: Cash tax
Equals: Owners' earnings

Bonus awards are satisfied in shares. One-third of a participant's shares will vest to the participant on calculation of the amount of the award, one-third will vest after one year and the remaining third will vest to the participant after two years (in each case subject to the participant being employed at the release date).

The shares required under the scheme are purchased in the market by an employee benefit trust, funded by the Company.

Benefits in kind

A range of taxable benefits is available to executive directors. These benefits comprise principally the provision of a Company car allowance, life assurance, private medical insurance and fuel expenses.

Service contracts

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 the executive directors' service contracts were as follows:

Tim Martin	–	20 October 1992
John Hutson	–	2 February 1998
Su Cacioppo	–	10 March 2008
Kirk Davis	–	11 March 2011

Non-executive directors

The non-executive directors hold their positions, pursuant to letters of appointment dated 1 November 2012, with a term of 12 months.

If their appointment is terminated early, the 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.

External appointments

The Company has not released any executive directors to serve as a non-executive director elsewhere.

Directors' remuneration – audited information:

The table below shows a breakdown of the various elements of directors' remuneration for the year ended 28 July 2013.

	Salary/fees (1)	Performance bonus – cash (2)	Taxable benefits (3)	Taxable allowances (4)	Sub- total (5)	Pension contributions (5)	Share Incentive Plan – shares (6)	Performance bonus – 2005 Deferred Bonus Scheme – shares (7)	Total 2013 £000	Total 2012 £000
Chairman										
T R Martin	324	–	14	–	338	–	–	–	338	351
Executive directors										
J Hutson	444	95	7	15	561	51	109	358	1,079	847
K Davis	218	47	3	13	281	26	52	176	535	400
S Cacioppo	230	49	7	13	299	28	57	186	570	444
Non-executive directors										
E McMeikan	41	–	–	–	41	–	–	–	41	38
D van Gene	41	–	–	–	41	–	–	–	41	40
R Beckett	41	–	–	–	41	–	–	–	41	38
M Reckitt	41	–	–	–	41	–	–	–	41	10
Total	1,380	191	31	41	1,643	105	218	720	2,686	–
2012	1,328	145	30	41	1,544	101	206	335	–	2,186

Notes to the remuneration table:

- 1) Executive directors' salaries were reviewed in September 2012. Executive directors were awarded 2.5%, in line with general pay rises across the Company, with the exception of Kirk Davis. Kirk Davis was awarded a 10% pay rise, in recognition of his performance and with consideration to overall market rates.
- 2) Executive directors received 16.5% of their salary as a cash bonus, based on profit growth. In addition, a cash bonus equivalent to 5% of salary was paid for carrying out a set number of calls on our pubs per month.
- 3) Taxable benefits relate to the provision of rail travel for Tim Martin, as well as private health cover and fuel expenses for the executive directors.
- 4) Taxable allowances relate to car allowances received in lieu of a Company car.
- 5) Executive directors receive either pension contributions equivalent to 12% of salary or salary in lieu of pension contributions, where appropriate.
- 6) In April 2013, executive directors were awarded shares to the value of 25% of the salary they had earned between February 2012 and January 2013. Shares will vest in April 2016.
- 7) Owners' earnings per share increased by 27%; therefore, executive directors will receive bonus shares with a value equal to 81% of salary.

The Company's Share Incentive Plan and 2005 Deferred Bonus Scheme (described on pages 46 and 47) include the full-year value of bonuses paid in shares, subject to forfeiture on cessation of employment, in certain circumstances. These shares are also included in each relevant director's interest, shown in the table.

Directors and connected persons' interests in shares – non-audited information:

The interests of the directors in the shares of the Company, as at 28 July 2013, were as follows:

Ordinary shares of 2p each, held beneficially	2013	2012
T R Martin	33,466,934	33,472,473
J Hutson	43,106	38,556
J Hutson – Share Incentive Plan	70,511	74,904
J Hutson – 2005 Deferred Bonus Scheme	23,831	–
K Davis	1,869	1,654
K Davis – Share Incentive Plan	29,528	26,340
K Davis – 2005 Deferred Bonus Scheme	11,063	–
S Cacioppo	50,383	44,532
S Cacioppo – Share Incentive Plan	35,000	38,713
S Cacioppo – 2005 Deferred Bonus Scheme	12,383	–
E McMeikan	1,000	1,000
D van Gene	1,000	1,000
R Beckett	2,000	2,000
M Reckitt	2,000	2,000

There have been no changes to these interests since 28 July 2013.

Share Incentive Plan – audited information

As highlighted above, the following share awards have been made under the Share Incentive Plan:

Name	Award date	Shares held in trust at 29 July 2012	Granted in the year	Vested in the year	Shares remaining in trust at 28 July 2013
John Hutson	24/09/09	9,480		9,480	–
	31/03/10	9,557		9,557	–
	23/09/10	11,658			11,658
	31/03/11	11,764			11,764
	30/03/12	25,729			25,729
	03/04/13	–	20,370		20,370
	Partnership shares	713	277		990
Kirk Davis	24/09/09	3,277		3,277	–
	31/03/10	2,652		2,652	–
	23/09/10	3,934			3,934
	31/03/11	3,970			3,970
	30/03/12	11,934			11,934
	03/04/13	–	9,690		9,690
Su Cacioppo	24/09/09	4,185		4,185	–
	31/03/10	4,539		4,539	–
	23/09/10	5,537			5,537
	31/03/11	5,588			5,588
	30/03/12	12,713			12,713
	03/04/13	–	10,584		10,584
	Partnership shares	300	278		578

The market price of the shares awarded on 3 April 2013 was 535.8p.

The market price of shares which vested on 24 September 2012 was 474.0p.

The market price of shares which vested on 2 April 2013 was 532.0p.

Share Incentive Plan – audited information continued

Partnership shares

John Hutson is a participant in the Partnership Share scheme and acquired 277 shares between August 2012 and July 2013. Su Cacioppo is a participant in the Partnership Share scheme and acquired 278 shares between August 2012 and July 2013. The market price of the shares purchased ranged from 473.2p to 665.7p.

2005 Deferred Bonus Scheme

The first award of shares under the 2005 Deferred Bonus Scheme was made in September 2006. As set out on pages 46 and 47, one-third of the total award vests immediately, which can be taken as either a cash or share award, with the other two-thirds vesting over the following two years. In September 2012, all executive directors elected to take the award in cash.

The overall position is as follows:

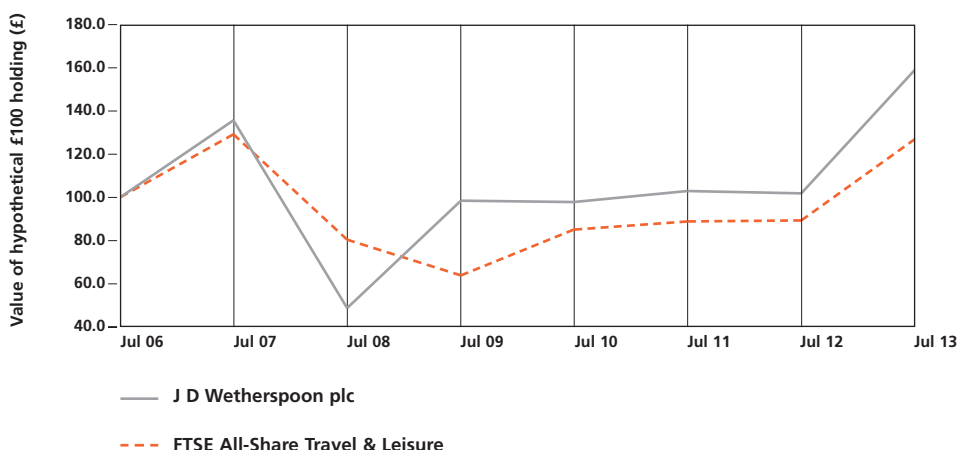
September 2012 award

	Total awarded	Previously vested	Vested	Sold	Shares retained	Remaining in trust	Date sold	Market price at sale date
J Hutson	23,831	–	–	–	23,831	23,831	–	–
K Davis	11,063	–	–	–	11,063	11,063	–	–
S Cacioppo	12,383	–	–	–	12,383	12,383	–	–

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 for each of the last five financial years. 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 2006, based on 30-trading-day average values



On behalf of the board:

Debra van Gene

Chair of the remuneration committee

13 September 2013

Statement of compliance

The Company is committed to high standards of corporate governance. Although, as indicated in the chairman's statement, the chairman has reservations with regard to some aspects of the code.

The board believes that the Company has been compliant with the code throughout the 52 weeks ended 28 July 2013, except as described below.

B.4.2 – Development

■ The chairman does not formally sit down with individual directors and identify specific training and development needs for them. The chairman and executive directors hold a series of weekly meetings, with head-office and pub managers, to try to identify areas of improvement for the business. Minutes are taken of these meetings and action points identified for a range of participants. In the opinion of the board, this process is effective in identifying problems and solutions and assists in the training and development of directors on an informal, yet effective, basis.

B.6.2 – External board evaluation

■ No externally facilitated evaluation of the board has taken place over the last three years. The non-executive directors and chairman evaluate the performance of the board on a quarterly basis and address any issues which arise.

E.1.1 – Dialogue with shareholders

■ The Code indicates that the chairman should discuss governance and strategy with major shareholders. The chairman has discussed governance and strategy with major shareholders on many occasions since the flotation in 1992. However, the majority of discussions with major shareholders takes place among the CEO, finance director and shareholders. The chairman is available for discussion with major shareholders, when requested.

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

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.

The board of directors

The board comprises the following members:

- Tim Martin, chairman
- John Hutson, chief executive officer
- Kirk Davis, finance director and company secretary
- Su Cacioppo, personnel and legal director
- Elizabeth McMeikan, non-executive director
- Debra van Gene, non-executive director
- Sir Richard Beckett, non-executive director
- Mark Reckitt, non-executive director

The board considers each of Elizabeth McMeikan, Debra van Gene, Sir Richard Beckett and Mark Reckitt to be independent.

Biographies of all non-executive and executive directors are provided on page 43 and can be viewed on the Company's website: www.jdwetherspoon.co.uk

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

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

Chairman's responsibility

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

Delegated responsibility of authority from the Company to exchange contracts for new pubs and to sign all contracts with suppliers

Providing support, advice and feedback to the chief executive officer

Supporting the Company's strategy and encouraging the chief executive officer with development of that strategy

Chairing general meetings, board meetings, operational meetings and agreeing on board agendas and ensuring that adequate time is available for discussion of agenda items

Management of the chief executive officer's contract, appraisal and remuneration, by way of making recommendations to the remuneration committee

Providing support to executive directors and senior managers of the Company

Helping to provide the 'ethos' and 'vision' of the Company, after discussions and debates with employees of all levels, customers, shareholders and including organisations such as CAMRA

Helping to provide information on customers and employees' views by calling on pubs

Helping to make directors aware of shareholders' concerns

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

Chief executive officer's responsibility

The chief executive officer is responsible for the smooth daily running of the business

Developing and maintaining effective management controls, planning and performance measurements

Maintaining and developing an effective organisational structure

External and internal communications, in conjunction with the chairman, on any issues facing the Company

Implementing and monitoring compliance with board policies

Timely and accurate reporting of the above to the board

Recruiting and managing senior managers in the business

Developing and maintaining effective risk-management and regulatory controls

Maintaining primary relationships with shareholders and investors

Chairing the management board responsible for implementing the Company's strategy

The board has several established committees as set out below. The board met nine times during the year ended 28 July 2013; attendance of the directors and non-executives, where appropriate, is shown below.

Number of meetings held in the year	Board 9	Audit 4	Remuneration 4	Nomination 2
Tim Martin	7	N/A	N/A	N/A
John Hutson	8	N/A	N/A	N/A
Kirk Davis*	9	4	N/A	N/A
Su Cacioppo*	9	4	N/A	N/A
Elizabeth McMeikan	8	4	4	2
Debra van Gene	8	4	4	2
Sir Richard Beckett	9	4	3	2
Mark Reckitt	8	4	4	2

*Kirk Davis (in his role as finance director) and Su Cacioppo (in her role as personnel and legal director) attended audit committee meetings by invitation, to provide additional detail on any relevant matters.

Matters reserved for the board

The following matters are reserved for the board:

■ Board and management

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

■ Strategic matters

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

■ Business control

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

■ Operating budgets

- The entry into finance leases
- Approval of a budget for investments and capital projects
- Changes in major supply contracts

■ Finance

- Raising new capital and confirmation of major facilities
- 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

- Consideration of regular reports on material issues relating to any litigation affecting the Company
- Institution of legal proceedings, where costs exceed certain values

■ Secretarial

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

■ General

- Board framework of executive remuneration and costs
- Any other matters not within the terms of reference of any committee of the board
- Any other matter as determined from time to time by the board

Board committees

Audit committee

The committee is chaired by Mark Reckitt and comprises Elizabeth McMeikan, Debra van Gene and Sir Richard Beckett.

Representatives of the Company's external auditors,

PricewaterhouseCoopers LLP, attend audit committee meetings.

In respect of the role of the audit committee, it effectively performs the following:

- Assumes direct responsibility for the appointment, compensation, resignation, dismissal and overseeing of the independent external auditors, including review of the external audit, its cost and effectiveness
- 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
- Monitors the integrity of the financial statements and formal announcements relating to the financial performance of the Company
- Considers the findings of the internal audit report and management responses at the half year and year end
- Reviews the effectiveness of internal control systems
- Final review of the Company's statement on internal control systems, before endorsement by the board
- Reviews any aspect of the accounts or the Company's control and audit procedures, the interim and final audits and any other matters which the auditors may consider
- Ensures that all matters, if appropriate, are raised and brought to the attention of the board
- Reviews all risk-management systems adopted and implemented by the Company

During the year, the Company made limited use of specialist teams from PricewaterhouseCoopers LLP, relating to accounting and tax services. The fees paid to PricewaterhouseCoopers LLP for non-audit services were £19,500 (2012: £64,000). The use of PricewaterhouseCoopers 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 auditors' remuneration for audit and non-audit services.

Following a review by the audit committee, the board agreed, in September 2013, to recommend to shareholders, at the annual general meeting, the reappointment of the external auditors for a period of one year.

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.

Remuneration committee

The committee is chaired by Debra van Gene and comprises Elizabeth McMeikan, Sir Richard Beckett and Mark Reckitt. The directors' report on remuneration is set out on pages 46 to 50.

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

Nomination committee

The committee is chaired by Sir Richard Beckett and comprises Elizabeth McMeikan, Debra van Gene and Mark Reckitt. The committee meets regularly and considers, among other matters, board appointments and the re-election of directors. No director is involved in any decision about his or her own re-appointment. In carrying out these activities, the non-executive directors follow the guidelines of the Institute of Chartered Secretaries and Administrators (ICSA) and comply with the Code.

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

Relations with shareholders

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

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

Risk management

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

The internal audit department, in conjunction with the management of the business functions, produces a risk register annually. This register has been compiled by the business, following feedback from senior management from the key business functions.

The identified risks are assessed, based on the likelihood of a risk becoming a reality and the potential impact to the business, should the risk become realised.

The head of internal audit determines and reviews the risk-assessment process and will communicate the timetable annually.

The risk register is presented to the audit committee every six months, 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. The results of this work are reported to relevant senior management and the audit committee. Where recommendations are made for changes in systems or processes to reduce risk, internal audit will follow up regularly to ensure that the recommendations are implemented.

A summary of the financial risks and treasury policies can be found on pages 40 and 41, together with other risks and uncertainties.

Internal control

During the year, the Company provided an internal audit and risk-management function. The attempt to create 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 and accord with the Turnbull Guidance (Guidance on Internal Control).

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

- Regular audits of the Company stock
- Unannounced visits to pub sites
- Monitoring systems which control the Company's cash
- Health & 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 revealed in our 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.

Kirk Davis

Company Secretary
13 September 2013

INFORMATION FOR SHAREHOLDERS

Ordinary shareholdings at 28 July 2013

Shares of 2p each	Number of shareholders	% of total shareholders	Number	% of total shares held
Up to 2,500	4,533	89.62	2,176,477	1.73
2,501–10,000	295	5.83	1,356,863	1.08
10,001–250,000	181	3.57	9,562,507	7.59
250,001–500,000	18	0.36	6,260,611	4.97
500,001–1,000,000	13	0.26	8,653,538	6.86
Over 1,000,000	18	0.36	98,026,300	77.77
	5,058	100.00	126,036,296	100.00

Substantial shareholdings

The Company has been notified of the following substantial holdings in its share capital at 13 August 2013:

	Number of ordinary shares	% of share capital
Tim Martin	33,466,934	26.55
Sanderson Asset Management	19,404,121	15.40
Threadneedle Investments	13,612,019	10.80
OppenheimerFunds Inc	5,500,000	4.36
J D Wetherspoon plc Company Share Plan*	5,178,164	4.11
Rothschild Wealth Management	4,779,441	3.79
Invesco Perpetual	4,406,319	3.50
Norges Bank Investment Management	3,399,657	2.70
Investec Asset Management	3,381,349	2.68
Legal & General Investment Management	3,155,427	2.50
BlackRock Investment Management	2,748,655	2.18

*This represents shares which have been purchased by the Company for the benefit of employees under the SIP. Please see page 46.

Share prices

29 July 2012	467.1p
Low	447.0p
High	775.3p
28 July 2013	762.0p

Shareholders' enquiries

If you have a query about your shareholding, please contact the Company's registrars directly – Computershare Investor Services plc: www.uk.computershare.com/investor
0870 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: www.jdwetherspoon.co.uk/investors

PUBS OPENED DURING THE FINANCIAL YEAR

The Avion	19 Anchor Road	Aldridge	WS9 8PT
The Kings Head Hotel	4-6 New Market	Beccles	NR34 9HA
The Rose Salterne	9-10 Bridgeland Street	Bideford	EX39 2PZ
The Butter Cross	Market Place	Bingham	NG13 8AP
The Fair O'Blair	25-29 Allan Street	Blairgowrie	PH10 6AB
The Pillar of Rock	15 Castle Street	Bolsover	S44 6PP
The W. G. Grace	71-73 Whiteladies Road	Bristol	BS8 2NT
The Mount Stuart	Landsea House, Stuart Place	Cardiff	CF10 5BU
John The Clerk of Cramlington	2 Village Road	Cramlington	NE23 1DN
The Horse Shoe Inn	4 Church Street	Crook	DL15 9BG
The Sir Norman Wisdom	18-20 Queens Street	Deal	CT14 6ET
The Limes	30 Bridge Street	Fakenham	NR21 9AZ
The Great Glen	104 High Street	Fort William	PH33 6AD
The Smithy Fold	Victoria Street	Glossop	SK13 8HS
The Mardy Inn	117 High Street	Gorseinon	SA4 4BR
The Percy Shaw	Broad Street	Halifax	HX1 1YA
The Green Dragon	2 St Edward Street	Leek	ST13 5DS
The Joseph Conrad	18-32 Station Square	Lowestoft	NR32 1BA
The Six Bells	47-48 St Thomas Street	Lymington	SO41 9ND
The Master Mariner	3-5 Union Terrace	New Brighton	CH45 2JT
The Cribbar	11-19 Gover Lane	Newquay	TR7 1ER
The Kingfisher	London Road South	Poynton	SK12 1NJ
An Ruadh Ghleann	40-44 Main Street	Rutherglen	G73 2HY
The Hat and Feathers	57-59 Church Street	Seaham	SR7 7HF
The Giant Bellflower	47a Gowthorpe	Selby	YO8 4HF
The Grand Electric Hall	2 Cheapside	Spennymoor	DL16 6DJ
The Regent	19 Church Street	Walton-on-Thames	KT12 2QP
The Angel Hotel	1 New Quay Road	Whitby	YO21 1DH
The Clothier's Arms	56 High Street	Yeadon	LS19 7PP

J D Wetherspoon plc

Wetherspoon House, Central Park
Reeds Crescent, Watford, WD24 4QL

01923 477777

www.jdwetherspoon.co.uk