J D Wetherspoon plc

INTERIM REPORT 2022

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

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

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Financial calendar

Year end
31 July 2022 (53 weeks)

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CHAIRMAN'S STATEMENT

Financial performance

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

Summary accounts for the years 1984-2022

Financial year	Total number of Pubs (Sites)	Total sales	(Loss)/profit before tax and exceptional items (Pre-IFRS16)	(Loss)/Profit before tax and exceptional items (Post-IFRS16)	Earnings per share before exceptional items (Pre-IFRS16)	Earnings per share before exceptional items (Post-IFRS16)	Free cash flow	Free cash flow per share
		£000	£000	£000	pence	pence	£000	pence
1984	1	818	(7)	-	0	-		
1985	2	1,890	185	-	0.2	-		
1986	2	2,197	219	-	0.2	-		
1987	5	3,357	382	-	0.3	-		
1988	6	3,709	248	-	0.3	-		
1989	9	5,584	789	-	0.6	-	915	0.4
1990	19	7,047	603	-	0.4	-	732	0.4
1991	31	13,192	1,098	-	0.8	-	1,236	0.6
1992	45	21,380	2,020	-	1.9	-	3,563	2.1
1993	67	30,800	4,171	-	3.3	-	5,079	3.9
1994	87	46,600	6,477	-	3.6	-	5,837	3.6
1995	110	68,536	9,713	-	4.9	-	13,495	7.4
1996	146	100,480	15,200	-	7.8	-	20,968	11.2
1997	194	139,444	17,566	-	8.7	-	28,027	14.4
1998	252	188,515	20,165	-	9.9	-	28,448	14.5
1999	327	269,699	26,214	-	12.9	-	40,088	20.3
2000	428	369,628	36,052	-	11.8	-	49,296	24.2
2001	522	483,968	44,317	-	14.2	-	61,197	29.1
2002	608	601,295	53,568	-	16.6	-	71,370	33.5
2003	635	730,913	56,139	-	17.0	-	83,097	38.8
2004	643	787,126	54,074	-	17.7	-	73,477	36.7
2005	655	809,861	47,177	-	16.9	-	68,774	37.1
2006	657	847,516	58,388	-	24.1	-	69,712	42.1
2007	671	888,473	62,024	-	28.1	-	52,379	35.6
2008	694	907,500	58,228	-	27.6	-	71,411	50.6
2009	731	955,119	66,155	-	32.6	-	99,494	71.7
2010	775	996,327	71,015	-	36.0	-	71,344	52.9
2011	823	1,072,014	66,781	-	34.1	-	78,818	57.7
2012	860	1,197,129	72,363	-	39.8	-	91,542	70.4
2013	886	1,280,929	76,943	-	44.8	-	65,349	51.8
2014	927	1,409,333	79,362	-	47.0	-	92,850	74.1
2015	951	1,513,923	77,798	-	47.0	-	109,778	89.8
2016	926	1,595,197	80,610	-	48.3	-	90,485	76.7
2017	895	1,660,750	102,830	-	69.2	-	107,936	97.0
2018	883	1,693,818	107,249	-	79.2	-	93,357	88.4
2019	879	1,818,793	102,459	-	75.5	-	96,998	92.0
2020	872	1,262,048	(34,095)	(44,687)	(27.6)	(35.5)	(58,852)	(54.2)
2021	861	772,555	(154,676)	(167,166)	(110.3)	(119.2)	(83,284)	(67.8)
2022 H1	859	807,395	(21,255)	(26,064)	(16.0)	(19.7)	(34,509)	(27.2)

Notes

Adjustments to statutory numbers

1. Where appropriate, the earnings per share (EPS), as disclosed in the statutory accounts, have been recalculated to take account of share splits, the issue of new shares and capitalisation issues.
2. Free cash flow per share excludes dividends paid which were included in the free cash flow calculations in the annual report and accounts for the years 1995–2000.
3. The weighted average number of shares, EPS and free cash flow per share include those shares held in trust for employee share schemes.
4. Before 2005, the accounts were prepared under UKGAAP. All accounts from 2005 to date have been prepared under IFRS.
5. Apart from the items in notes 1–4, all numbers are as reported in each year's published accounts.
6. From financial year 2020 data is based on both pre-IFRS16 numbers and post-IFRS16 numbers following the transition from IAS17 to IFRS16.
7. Free cash flow is defined in note 8 and in the Company's accounting policies. The calculation of free cash flow can be found on the cash flow statement.
8. 2022 results are for the 6 month period ended 23 January 2022.

Background

As previously reported, in the first half of the financial year, which ended on 23 January 2022, sales were adversely affected by Covid-19 restrictions, and labour costs were high, due mainly to Covid-related absences.

Like-for-like sales were -11.8%, compared to the six-month period ended 26 January 2020, before the pandemic, and were -12.4% for the first four weeks of the second half of the financial year, ending 20 February 2022, compared to the same period in FY20.

Since sales were affected by Covid from about February/March 2020, culminating in a pub closure on 20 March 2020, sales from 21 February 2022 are compared with sales from a similar period in 2019.

In the most recent three-week period, to 13 March 2022, sales improved, being 2.6% lower than the equivalent period in 2019.

Cash sales per week during this three-week period have been approximately 10% above the depressed levels of December 2021, our busiest month of the year, indicating an improving trend.

Detailed comparisons with 'normal' trading periods, before Covid, maybe of limited value. We have, even so, compared sales, profits and margins, below, with the first half of FY20, before the pandemic.

Total sales were £807.4m, a decrease of 13.5%, compared to the 26 weeks ended 26 January 2020.

Like-for-like sales, as indicated above, decreased by 11.8%. Like-for-like bar sales decreased by 12.7%, food sales by 11.1% and slot/fruit machine sales by 9.8%. Hotel room sales increased by 6.6%.

The unaudited pre-IFRS16 operating profit, before exceptional items, was £0.5m (2020: £76.6m). The operating margin, before exceptional items, was 0.1% (2020: 8.2%).

The unaudited pre-IFRS16 loss before tax and exceptional items was £21.3m (2020: £57.9m profit). This included property losses of £1.8m (2020: £0.2m).

Property losses arose from the disposal of four pubs and the closure of two pubs. The disposals resulted in a cash inflow of £2.1m.

Losses per share, including shares held in trust by the employee share scheme, before exceptional items, were 16.0p (2020: earnings per share of 43.3p).

Total capital investment was £64.7m (2020: £128.5m). £26.6m was invested in new pubs and pub extensions (2020: £23.7m), £18.9m in existing pubs and IT (2020: £34.1m) and £19.2m in freehold reversions of properties where Wetherspoon was the tenant (2020: £70.7m).

The company increased investment levels, which are still substantially below the pre-pandemic period, on the basis that the adverse effects of Covid-19 were likely to diminish in the near future.

Exceptional items

There was a pre-tax exceptional gain of £13.0m (2020: £15.9m loss). £12.7m of the gain related to interest rate swaps. The company has interest rate swaps in place for approximately the next 10 years at an average rate of 1.24%, excluding the banks' margin.

Free Cash Flow

There was a free cash outflow of £34.5m (2020: £49.0m inflow), after capital payments of £19.5m for existing pubs (2020: £34.5m), £7.1m for share purchases for employees (2020: £9.3m) and payments of tax and interest. Free cash outflow per share was 27.2p (2020: 46.7p inflow).

The effect of IFRS16 on a hypothetical leasehold pub

As previously indicated, in order to illustrate the differences between old and new accounting, the example below shows how a leasehold pub would be affected. The following assumptions have been made:

- a 25-year lease, at a rent of £100k per annum, rising by 7.5% at each five-year rent review
- capital development costs of £1m funded by equity, without debt
- £30k of capital reinvestment per annum from year 6 to year 25
- pub EBITDA profits of £160k per annum
- head office costs and tax excluded from calculations

Year	1	5	10	15	20	25	Total
	£000	£000	£000	£000	£000	£000	£000
Pub EBITDAR	260	260	268	276	284	294	**6,904**
Accounting Profit **pre IFRS16** (before head office costs & corporation tax)	100	100	100	100	100	100	**2,500**
Accounting Profit **post IFRS16** (before head office costs & corporation tax)	60	65	81	101	125	154	**2,500**
Cash earnings	160	160	130	130	130	130	**3,400**

As the table illustrates, "cash earnings" are the same in both examples, however accounting earnings vary greatly.

Pre-IFRS16 treatment results in stable accounting profit of £100k, reflecting stable cash earnings, whereas post-IFRS16 treatment gives rise to erratic accounting profits, which vary from £60k to £154k, over the term of the lease.

As a result, it will be difficult for investors to understand the performance of the business, using IFRS16 accounting standards, at any given point in the lease, from an examination of the profit and loss account.

In appendix 1, below, we have provided profit and loss, balance sheet and cash flow statements, using pre-IRFS16 accounting methodology, for those who find the new accounting too complex or unhelpful.

Dividends and return of capital

The board has not recommended the payment of an interim dividend (2020: £0). There have been no share buybacks in the financial year to date (2020: £6.5m).

Financing

As at 23 January 2022, the company's total net debt, excluding derivatives, was £920.4m (2020: £804.5m), an increase of £115.9m. The half year-end net-debt-to-EBITDA ratio was 25.63 times (2020: 3.54 times).

Although debt has increased by £116m since H1 2020, trade creditors have reduced by £72m and £109m has been invested in new pubs and freehold reversions.

The company has an agreement with its lenders, who have been extremely supportive throughout the pandemic, that waives its debt covenants until October 2022 and replaces them with a minimum liquidity requirement of £75m. At the half-year-end liquidity was £159.1m.

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

As referred to above, the company has fixed its SONIA (SONIA is a replacement for LIBOR) interest rates in respect of £770m until November 2031. The weighted average cost of the swaps, excluding the banks' margin, is currently 1.61%. The total cost of the company's debt, including the banks' margin was 4.28%. The cost of the swaps is illustrated in the table below:

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

Property

The company opened four pubs during the first six months and sold or closed six, resulting in a trading estate of 859 pubs at the half year end.

The half-year depreciation charge, excluding depreciation of "right-of-use" assets (a new charge to the profit and loss account, post-IFRS16) was £37.2m (2021: £38.7m).

As at 24 July 2011, the company's freehold/ leasehold split was 43.4%/56.6%. As at 23 January 2022, as a result of investment in freehold reversions (relating to pubs where the company was previously a tenant) and freehold pub openings, the split was 67.8%/32.2%. As at 23 January 2022, the net book value of the property, plant and equipment of the company was £1.4 billion, including £1.1 billion of freehold and long-leasehold property. The properties have not been revalued since 1999.

Taxation

The current corporation tax credit for the year is £1.5m (2020: £13.6m charge). The 'accounting' tax credit, which appears in the income statement, is £1.0m (2021: £9.5m charge).

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

The company is seeking a refund of historic excise duty from HMRC, totalling £495k, in relation to goods sent to the Republic of Ireland, when Wetherspoon pubs first opened in that country. The company has been charged excise duty on the same goods twice, as they were purchased in the UK, and excise duty was paid in full. Irish excise duty was then paid in addition.

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

Scotland Business Rates

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

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

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

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

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

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

VAT equality

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

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

Tax equality is particularly important for residents of less affluent areas, since the tax differential is more important there – people can less afford to pay the difference in prices between the on and off trade. As a result, in these less affluent areas, there are often fewer pubs, coffee shops and restaurants, with less employment and increased high-street derelication. Tax equality would also be in line with the principle of fairness – the same taxes should apply to businesses which sell the same products.

How pubs contribute to the economy

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

In the six months ended 23 January 2022, the company generated taxes of £294.1m.

The table below shows the tax revenue generated by the company, its staff and customers in the last 10 years. Each pub, on average, generated £6.1m in tax during that period:

	2022 (HY) £m	2021 (FY) £m	2020 (FY) £m	2019 (FY) £m	2018 (FY) £m	2017 (FY) £m	2016 (FY) £m	2015 (FY) £m	2014 (FY) £m	2013 (FY) £m	TOTAL 2013 to 2022 £m
VAT	118.1	93.8	244.3	357.9	332.8	323.4	311.7	294.4	275.1	253.0	**2,604.5**
Alcohol duty	74.0	70.6	124.2	174.4	175.9	167.2	164.4	161.4	157.0	144.4	**1,413.5**
PAYE and NIC	65.1	101.5	106.6	121.4	109.2	96.2	95.1	84.8	78.4	70.2	**928.5**
Business rates	23.3	1.5	39.5	57.3	55.6	53.0	50.2	48.7	44.9	46.4	**420.4**
Corporation tax	1.5	-	21.5	19.9	26.1	20.7	19.9	15.3	18.4	18.4	**161.7**
Corporation tax credit (historic capital allowances)	-	-	-	-	-	-	-	-2.0	-	-	**-2.0**
Fruit/slot Machine duty	5.7	4.3	9.0	11.6	10.5	10.5	11.0	11.2	11.3	7.2	**92.3**
Climate change levies	6.2	7.9	10.0	9.6	9.2	9.7	8.7	6.4	6.3	4.3	**78.3**
Stamp duty	1.6	1.8	4.9	3.7	1.2	5.1	2.6	1.8	2.1	1.0	**25.8**
Sugar tax	1.3	1.3	2.0	2.9	0.8	-	-	-	-	-	**8.3**
Fuel duty	0.8	1.1	1.7	2.2	2.1	2.1	2.1	2.9	2.1	2.0	**19.1**
Carbon tax	-	-	-	1.9	3.0	3.4	3.6	3.7	2.7	2.6	**20.9**
Premise licence and TV licences	0.4	0.5	1.1	0.8	0.7	0.8	0.8	1.6	0.7	0.7	**8.1**
Landfill tax	-	-	-	-	1.7	2.5	2.2	2.2	1.5	1.3	**11.4**
Furlough Tax Rebate	-3.8	-213.0	-124.1	-	-	-	-	-	-	-	**-340.9**
Eat out to help out	-	-23.2	-	-	-	-	-	-	-	-	**-23.2**
Local Government Grants	-0.1	-11.1	-	-	-	-	-	-	-	-	**-11.2**
TOTAL TAX	**294.1**	**37.0**	**440.7**	**763.6**	**728.8**	**694.6**	**672.3**	**632.4**	**600.5**	**551.5**	**5.4bn**
TAX PER PUB (£000)	**342**	**43**	**533**	**871**	**825**	**768**	**705**	**673**	**662**	**632**	**6.1m**
TAX AS % OF NET SALES	**36.4%**	**4.8%**	**34.9%**	**42.0%**	**43.0%**	**41.8%**	**42.1%**	**41.8%**	**42.6%**	**43.1%**	**37.3%**

Note – this table is prepared on a cash basis. 2022 is for the 6 month period ending 23 January 2022.

Corporate Governance

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

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

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

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

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

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

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

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

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

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

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

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

Further progress

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

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

Wetherspoon paid £11.1m in respect of bonuses and free shares to employees in the period ending 23 January 2022, of which 98.7% was paid to staff below board level and 91.0% was paid to staff working in our pubs.

Wetherspoon has been the biggest corporate sponsor of 'Young Lives vs Cancer' (previously CLIC Sargent), having raised a total of £19.7m since 2002. During the pandemic, our contributions had been reduced, but since the reopening of our pubs there have been great efforts seen and our contributions have bounced back significantly.

Bonuses and Free Shares

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

Financial year	Bonus and free shares £m	(Loss)/Profit after tax[1] £m	Bonus and free shares as % of profits
2007	19	47	41%
2008	16	36	45%
2009	21	45	45%
2010	23	51	44%
2011	23	52	43%
2012	24	57	42%
2013	29	65	44%
2014	29	59	50%
2015	31	57	53%
2016	33	57	58%
2017	44	77	57%
2018	43	84	51%
2019	46	80	58%
2020	33	(30)	-
2021	23	(136)	-
2022 H1	11	(20)	-
Total	**448**	**581**	**48.5%[2]**

[1](Loss)/Profit is Pre-IFRS16 and before exceptional items
[2] Excludes 2020, 2021 and 2022

Length of Service

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

Financial year	Average pub manager length of service (Years)	Average kitchen manager length of service (Years)
2013	9.1	6.0
2014	10.0	6.1
2015	10.1	6.1
2016	11.0	7.1
2017	11.1	8.0
2018	12.0	8.1
2019	12.2	8.1
2020	12.9	9.1
2021	13.6	9.6
2022 H1	13.8	10.3

Food Hygiene Ratings

Wetherspoon has always emphasised the importance of hygiene standards.

We now have 778 pubs rated on the Food Standards Agency's website (see table below). The average score is 4.98, with 98.6% of the pubs achieving a top rating of five stars. We believe this to be the highest average rating for any substantial pub company.

In the separate Scottish scheme, which records either a 'pass' or a 'fail', all of our 65 pubs have passed.

Financial Year	Total Pubs Scored	Average Rating	Pubs with highest Rating %
2013	771	4.85	87.0
2014	824	4.91	92.0
2015	858	4.93	94.1
2016	836	4.89	91.7
2017	818	4.89	91.8
2018	807	4.97	97.3
2019	799	4.97	97.4
2020	781	4.96	97.0
2021	787	4.97	98.4
2022 H1	778	4.98	98.6

Property litigation

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

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

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

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

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

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

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

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

Press corrections

Wetherspoon has been the subject of a number of inaccurate media stories on a variety of different subjects. After complaining to the organisations concerned, the company obtained corrections and/or apologies from a number of publications, including:

Daily Express	The Daily Telegraph
Daily Mail	The Guardian
Daily Mirror	The Independent
Daily Star	The Times
Sky News	Forbes

The company has published a special edition of Wetherspoon News which includes details of the apologies and corrections which can be found on the Company's website

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

Current trading and outlook

Following a traumatic two years for many businesses and people, the ending of Covid restrictions has brought a return to more normal trading patterns in recent weeks. As indicated above, trade for the last three weeks was 2.6% below the equivalent period in 2019, reflecting an improving trend.

Contrary to some reports, the company has a full complement of staff and is fully stocked, with some minor exceptions.

Inflationary pressures in the economy have been widely publicised. As indicated above, nearly 70% of the company's properties are freehold, with interest rates fixed for the next decade. Most of the company's leasehold pubs have rent reviews which are fixed at levels below the current level of inflation. There is pressure on input costs from food, drink and energy suppliers, mitigated to an extent, by a number of long-term contracts. Overall, the company expects the increase in input prices to be slightly less than the level of inflation.

The government is reported to have spent over £400 billion on Covid measures, around nine times the annual defence budget. The expenditure has been financed by the creation of "new money" by the Bank of England, which has led to significant inflation and higher taxes.

Draconian restrictions, which amount to a lockdown-by-stealth, are, of course, kryptonite for hospitality, travel, leisure and many other businesses. The company is confident of a strong future if restrictions are avoided. The readiness of the leaders of all the UK's main political parties to resort to lockdowns, and extreme restrictions, which were not contemplated in the UK's 2019 plans for pandemics, is the main threat to the future of the hospitality industry, but also to the economy.

Tim Martin
Chairman
17 March 2022

Appendix 1 – Unaudited primary financial statements (pre-IFRS16 accounting)

As outlined on page 2, the following unaudited financial statements are included to aid understanding.

Pre-IFRS16 income statement (before exceptional items):

	26 weeks ended 23 January 2022 £000	26 weeks ended 24 January 2021 £000	26 weeks ended 26 January 2020 £000
Revenue	**807,395**	**431,072**	**933,021**
Operating costs	**(806,903)**	**(451,816)**	**(856,461)**
Operating profit/(loss)	**492**	**(20,744)**	**76,560**
Property losses	**(1,796)**	**(1,320)**	**(172)**
Finance income	**6**	**167**	**41**
Finance costs	**(19,957)**	**(24,275)**	**(18,508)**
Loss before tax	**(21,255)**	**(46,172)**	**57,921**
Income tax credit	**1,007**	**2,510**	**(12,487)**
Loss for the period	**(20,248)**	**(43,662)**	**45,434**

Pre-IFRS16 income statement reconciliation (before exceptional items):

	26 weeks ended 23 January 2022 £000	26 weeks ended 24 January 2021 £000	26 weeks ended 26 January 2020 £000
(Loss)/profit for the period before IFRS16	**(20,248)**	**(43,662)**	**45,434**
Operating costs	**23,516**	**26,078**	**28,443**
Amortisation and Depreciation			
- ROU Assets	**(22,379)**	**(23,042)**	**(24,425)**
- Lease Premiums	**-**	**86**	**192**
Disposal of leases	**3,449**	**1,088**	**347**
Finance income	**223**	**210**	**225**
Finance costs	**(9,617)**	**(11,015)**	**(11,078)**
Income tax credit	**-**	**3,887**	**1,189**
Loss for the period	**(25,057)**	**(46,370)**	**40,327**

Pre-IFRS16 cash flow statement:

	26 weeks ended 23 January 2022 £000	26 weeks ended 24 January 2021 £000	26 weeks ended 26 January 2020 £000
Net cash flows from operating activities	**(7,959)**	**(59,823)**	**93,079**
Net cash flow from investing activities	**(58,852)**	**(19,012)**	**(135,778)**
Net cash flow from financing activities	**60,391**	**129,408**	**47,162**
Net change in cash and cash equivalents	**(6,420)**	**50,573**	**4,463**
Opening cash and cash equivalents	**45,408**	**174,451**	**42,950**
Closing cash and cash equivalents	**38,988**	**225,024**	**47,413**
Free cash flow	**(34,509)**	**(77,306)**	**48,966**
Free cash flow per ordinary share (p)	**(27.2)**	**(64.5)**	**46.7**

Pre-IFRS16 balance sheet:

	As at 23 January 2022 £000	As at 25 July 2021 £000
Non-current assets		
Property, plant and equipment	**1,437,057**	**1,420,515**
Intangible assets	**3,849**	**5,358**
Investment property	**12,653**	**10,533**
Other non-current assets	**10,658**	**7,434**
Deferred tax assets	**-**	**-**
Total non-current assets	**1,464,217**	**1,443,840**
Current assets		
Inventories	**27,007**	**26,853**
Receivables	**34,814**	**34,477**
Asset Held for Sale	**2,123**	**-**
Cash and cash equivalents	**38,988**	**45,408**
Total current assets	**102,932**	**106,738**
Total assets	**1,567,149**	**1,550,578**
Current liabilities		
Borrowings	**(6,740)**	**(7,610)**
Trade and other payables	**(259,737)**	**(287,758)**
Current income tax liabilities	**(372)**	**(1,454)**
Provisions	**(4,751)**	**(4,725)**
Total current liabilities	**(271,600)**	**(301,547)**
Non-current liabilities		
Borrowings	**(956,605)**	**(883,272)**
Derivative financial instruments	**(3,565)**	**(37,643)**
Deferred tax liabilities	**(24,497)**	**(16,546)**
Provisions	**(1,488)**	**(1,488)**
Other liabilities	**(9,738)**	**(9,738)**
Total non-current liabilities	**(995,893)**	**(948,687)**
Total liabilities	**(1,267,493)**	**(1,250,244)**
Net assets	**299,656**	**300,344**
Shareholders' equity		
Share capital	**2,575**	**2,575**
Share premium account	**143,294**	**143,294**
Capital redemption reserve	**2,337**	**2,337**
Other reserve	**234,579**	**234,579**
Hedging reserve	**(4,224)**	**(15,403)**
Currency translation reserve	**(501)**	**1,851**
Retained earnings	**(78,404)**	**(68,889)**
Total shareholders' equity	**299,656**	**300,344**

INCOME STATEMENT for the 26 weeks ended 23 January 2022

J D Wetherspoon plc, company number: 1709784

	Notes	Unaudited 26 weeks ended 23 January 2022 Before exceptional items £000	Unaudited 26 weeks ended 23 January 2022 After exceptional items £000	Unaudited 26 weeks ended 24 January 2021 Before exceptional items £000	Unaudited 26 weeks ended 24 January 2021 After exceptional items £000	Audited 52 weeks ended 25 July 2021 Before exceptional items £000	Audited 52 weeks ended 25 July 2021 After exceptional items £000
Revenue	1	**807,395**	**807,395**	431,072	431,072	772,555	772,555
Other operating income - exceptional (note 4)		**-**	**277**	-	8,937	-	15,541
Operating costs		**(805,767)**	**(805,767)**	(448,694)	(448,694)	(872,913)	(872,913)
Operating costs - exceptional (note 4)		**-**	**-**	-	(16,473)	-	(24,482)
Operating profit/(loss)	2	**1,628**	**1,905**	(17,622)	(25,158)	(100,358)	(109,299)
Property gains/(losses)	3	**1,653**	**1,653**	(232)	(232)	(123)	(123)
Property losses - exceptional (note 4)	3	**-**	**(23)**	-	(2,190)	-	(5,839)
Finance income	6	**229**	**229**	377	377	595	595
Finance costs	6	**(29,574)**	**(29,574)**	(35,290)	(35,290)	(67,280)	(67,280)
Finance income/(costs) - exceptional (note 4)	6	**-**	**12,774**	-	(5,511)	-	(12,690)
Loss before tax		**(26,064)**	**(13,036)**	(52,767)	(68,004)	(167,166)	(194,636)
Income tax credit	7	**1,007**	**1,007**	6,397	6,397	20,695	20,695
Income tax credit/(expense) - exceptional (note 4)	7	**-**	**560**	-	2,816	-	(7,114)
Loss for the period		**(25,057)**	**(11,469)**	(46,370)	(58,791)	(146,471)	(181,055)
Loss per ordinary share (p)							
- Basic[1]	8	**(19.7)**	**(9.0)**	(38.7)	(49.1)	(119.2)	(147.4)
- Diluted[1]	8	**(19.7)**	**(9.0)**	(38.7)	(49.1)	(119.2)	(147.4)

STATEMENT OF COMPREHENSIVE INCOME for the 26 weeks ended 23 January 2022

	Notes	Unaudited 26 weeks ended 23 January 2022 £000	Unaudited 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000
Items which will be reclassified subsequently to profit or loss:				
Interest-rate swaps: gain taken to other comprehensive income	22	**22,314**	16,717	44,551
Interest-rate swaps: (loss)/gain reclassification to the income statement	22	**(2,011)**	4,528	11,707
Tax on items taken directly to other comprehensive income	7	**(9,124)**	(4,037)	(5,084)
Currency translation differences		**(1,885)**	(1,933)	(3,510)
Net gain recognised directly in other comprehensive income		**9,294**	15,275	47,664
Loss for the period		**(11,469)**	(58,791)	(181,055)
Total comprehensive loss for the period		**(2,175)**	(43,516)	(133,391)

[1] See page 23 for basis of calculation.

CASH FLOW STATEMENT for the 26 weeks ended 23 January 2022

J D Wetherspoon plc, company number: 1709784

	Notes	Unaudited 26 weeks ended 23 January 2022 £000	Unaudited free cash flow 26 weeks ended 23 January 2022 £000	Unaudited 26 weeks ended 24 January 2021 £000	Unaudited free cash flow 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000	Audited free cash flow 52 weeks ended 25 July 2021 £000
Cash flows from operating activities							
Cash generated from/(used in) operations	9	**33,215**	**33,215**	(28,749)	(28,749)	25,208	25,208
Interest received		**8**	**8**	105	105	187	187
Interest paid		**(6,662)**	**(6,662)**	(29,185)	(29,185)	(48,428)	(48,428)
Corporation tax paid		**(709)**	**(709)**	12,201	12,201	7,673	7,673
Lease interest		**(9,222)**	**(9,222)**	(10,843)	(10,843)	(19,942)	(19,942)
Net cash flow from operating activities		**16,630**	**16,630**	(56,471)	(56,471)	(35,302)	(35,302)
Cash flows from investing activities							
Reinvestment in pubs		**(18,925)**	**(18,925)**	(9,602)	(9,602)	(19,692)	(19,692)
Reinvestment in business and IT projects		**(543)**	**(543)**	(872)	(872)	(2,620)	(2,620)
Investment in new pubs and pub extensions		**(22,275)**	**–**	(7,115)	–	(21,131)	–
Freehold reversions and investment properties		**(19,248)**	**–**	(1,423)	–	(16,858)	–
Proceeds of sale of property, plant and equipment		**2,139**	**–**	–	–	2,575	–
Net cash flow from investing activities		**(58,852)**	**(19,468)**	(19,012)	(10,474)	(57,726)	(22,312)
Cash flows from financing activities							
Purchase of own shares for share-based payments		**(7,082)**	**(7,082)**	(6,771)	(6,771)	(7,684)	(7,684)
Loan issue cost	10	**–**	**–**	(238)	(238)	(434)	(434)
Advances/(repayment) under bank loans	10	**74,990**	**–**	–	–	(195,000)	–
Advances under CLBILS	10	**–**	**–**	48,333	–	100,033	–
Other loan receivables	10	**(3,986)**	**–**	–	–	–	–
Lease principal payments	23	**(24,589)**	**(24,589)**	(3,352)	(3,352)	(17,552)	(17,552)
Issue of share capital	28	**–**	**–**	91,523	–	91,523	–
Asset-financing principal payments	10	**(3,531)**	**–**	(3,439)	–	(6,901)	–
Net cash flow from financing activities		**35,802**	**(31,671)**	126,056	(10,361)	(36,015)	(25,670)
Net change in cash and cash equivalents	10	**(6,420)**		50,573		(129,043)	
Opening cash and cash equivalents	18	**45,408**		174,451		174,451	
Closing cash and cash equivalents	18	**38,988**		225,024		45,408	
Free cash flow	8		**(34,509)**		(77,306)		(83,284)
Free cash flow per ordinary share	8		**(27.2)p**		(64.5)p		(67.8)p

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

BALANCE SHEET as at 23 January 2022

J D Wetherspoon plc, company number: 1709784	Notes	**Unaudited 23 January 2022 £000**	Unaudited Restated 24 January 2021 £000	Audited 25 July 2021 £000
Assets				
Non-current assets				
Property, plant and equipment	13	**1,440,368**	1,425,570	1,423,826
Intangible assets	12	**3,849**	8,956	5,358
Investment property	14	**12,653**	6,037	10,533
Right-of-use assets	23	**448,184**	527,614	468,538
Other loan receivable	16	**3,224**	–	-
Deferred tax assets	7	**–**	–	-
Lease assets	23	**9,681**	10,506	9,890
Total non-current assets		**1,917,959**	1,978,683	1,918,145
Current assets				
Lease assets	23	**1,638**	1,691	1,638
Assets held for sale	17	**2,123**	–	-
Inventories	15	**27,007**	22,369	26,853
Receivables	16	**16,696**	27,268	16,427
Current income tax receivables		**2,269**	–	1,187
Cash and cash equivalents	18	**38,988**	225,024	45,408
Total current assets		**88,721**	276,352	91,513
Total assets		**2,006,680**	2,255,035	2,009,658
Current liabilities				
Borrowings	20	**(6,740)**	(7,610)	(7,610)
Trade and other payables	19	**(244,757)**	(184,742)	(259,791)
Provisions	21	**(3,030)**	(2,797)	(3,004)
Lease liabilities	23	**(50,797)**	(72,481)	(65,219)
Total current liabilities		**(305,324)**	(267,630)	(335,624)
Non-current liabilities				
Borrowings	20	**(956,605)**	(1,029,343)	(883,272)
Derivative financial instruments	22	**(3,565)**	(65,477)	(37,643)
Deferred tax liabilities	7	**(24,497)**	(18,693)	(16,546)
Lease liabilities	23	**(444,836)**	(508,518)	(458,596)
Total non-current liabilities		**(1,429,503)**	(1,622,031)	(1,396,057)
Total liabilities		**(1,734,827)**	(1,889,661)	(1,731,681)
Net assets		**271,853**	365,374	277,977
Shareholders' equity				
Share capital	28	**2,575**	2,575	2,575
Share premium account		**143,294**	143,294	143,294
Capital redemption reserve		**2,337**	2,337	2,337
Other reserves		**234,579**	234,579	234,579
Hedging reserve		**(4,224)**	(49,369)	(15,403)
Currency translation reserve		**(501)**	5,089	1,851
Retained earnings		**(106,207)**	26,869	(91,256)
Total shareholders' equity		**271,853**	365,374	277,977

The financial statements, on pages 10-45, approved by the board of directors and authorised for issue on 17 March 2022, are signed on its behalf by:

John Hutson
Director

Ben Whitley
Direct

STATEMENT OF CHANGES IN EQUITY

J D Wetherspoon plc, company number: 1709784

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Other Reserves £000	Hedging reserve £000	Currency translation reserve £000	Retained earnings £000	**Total £000**
As at 26 July 2020 as previously reported		**2,408**	**280,975**	**2,337**	**-**	**(66,577)**	**7,089**	**91,016**	**317,248**
Effect of restatements		-	(137,681)	-	141,002	-	-	(3,321)	-
At 26 July 2020 restated		**2,408**	**143,294**	**2,337**	**141,002**	**(66,577)**	**7,089**	**87,695**	**317,248**
Total comprehensive income		-	-	-	-	17,208	(2,000)	(58,724)	(43,516)
Loss for the period		-	-	-	-	-	-	(58,791)	(58,791)
Interest-rate swaps: cash flow hedges	22	-	-	-	-	16,717	-	-	16,717
Interest-rate swaps: amount reclassified to the income statement	22	-	-	-	-	4,528	-	-	4,528
Tax on items taken directly to comprehensive income	7	-	-	-	-	(4,037)	-	-	(4,037)
Currency translation differences		-	-	-	-	-	(2,000)	67	(1,933)
Issued share capital (net of expenses)		167	-	-	93,577	-	-	(2,222)	91,522
Share-based payment charges		-	-	-	-	-	-	6,420	6,420
Tax on share-based payment		-	-	-	-	-	-	471	471
Purchase of own shares for share-based payments		-	-	-	-	-	-	(6,771)	(6,771)
At 24 January 2021		**2,575**	**143,294**	**2,337**	**234,579**	**(49,369)**	**5,089**	**26,869**	**365,374**
Total comprehensive income		-	-	-	-	33,966	(3,238)	(120,604)	(89,876)
Loss for the period		-	-	-	-	-	-	(122,264)	(122,264)
Interest-rate swaps: cash flow hedges	22	-	-	-	-	27,834	-	-	27,834
Interest-rate swaps: amount reclassified to the income statement	22	-	-	-	-	7,179	-	-	7,179
Tax on items taken directly to comprehensive income	7	-	-	-	-	(1,047)	-	-	(1,047)
Currency translation differences		-	-	-	-	-	(3,238)	1,660	(1,578)
Share-based payment charges		-	-	-	-	-	-	3,847	3,847
Tax on share-based payment		-	-	-	-	-	-	(455)	(455)
Purchase of own shares for share-based payments		-	-	-	-	-	-	(913)	(913)
At 25 July 2021		**2,575**	**143,294**	**2,337**	**234,579**	**(15,403)**	**1,851**	**(91,256)**	**277,977**
Total comprehensive income		-	-	-	-	11,179	(2,352)	(11,003)	(2,176)
Loss for the period		-	-	-	-	-	-	(11,469)	(11,469)
Interest-rate swaps: cash flow hedges	22	-	-	-	-	22,314	-	-	22,314
Interest-rate swaps: amount reclassified to the income statement	22	-	-	-	-	(2,011)	-	-	(2,011)
Tax on items taken directly to comprehensive income	7	-	-	-	-	(9,124)	-	-	(9,124)
Currency translation differences		-	-	-	-	-	(2,352)	466	(1,885)
Share-based payment charges		-	-	-	-	-	-	3,152	3,152
Tax on share-based payment		-	-	-	-	-	-	(18)	(18)
Purchase of own shares for share-based payments		-	-	-	-	-	-	(7,082)	(7,082)
At 23 January 2022		**2,575**	**143,294**	**2,337**	**234,579**	**(4,224)**	**(501)**	**(106,207)**	**271,853**

STATEMENT OF CHANGES IN EQUITY

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

As at 23 January 2022, the company had distributable reserves of £123.6m.

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

	Unaudited 26 weeks ended 23 January 2022 £000	Unaudited 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000
Bar	**480,453**	236,701	440,119
Food	**292,891**	154,304	283,192
Eat out to help out scheme (note 24)	**-**	23,248	23,248
Slot/fruit machines	**23,144**	12,046	17,059
Hotel	**10,424**	4,570	8,592
Other	**483**	203	345
	807,395	431,072	772,555

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

This is stated after charging/(crediting):	**Unaudited 26 weeks ended 23 January 2022 £000**	Unaudited 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000
Variable concession rental payments	**2,196**	2,607	2,801
Short term leases	**375**	102	784
Cancelled principal payments (note 23)	**(2,250)**	(7,322)	(10,933)
Repairs and maintenance	**45,557**	25,609	64,020
Net rent receivable	**(926)**	(1,076)	(1,873)
Share-based payments (note 5)	**3,152**	6,420	10,267
Depreciation of property, plant and equipment (note 13)	**35,690**	37,014	73,193
Amortisation of intangible assets (note 12)	**1,491**	1,694	3,151
Depreciation of investment properties (note 14)	**50**	12	44
Amortisation of right of use assets (note 23)	**22,672**	23,042	44,532

Analysis of continuing operations	**Unaudited 26 weeks ended 23 January 2022 £000**	Unaudited 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000
Revenue	**807,395**	431,072	772,555
Cost of sales	**(784,197)**	(439,375)	(844,574)
Gross profit/(loss)	**23,198**	(8,303)	(72,019)
Administration costs	**(21,293)**	(16,855)	(37,280)
Operating profit/(loss) after exceptional items	**1,905**	(25,158)	(109,299)

Included in cost of sales is £274.5m (2021: £145.9m) relating to cost of inventory recognised as expense.

3. Property (gains)/losses

	Unaudited 26 weeks ended 23 January 2022 £000	Unaudited 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000
Non-exceptional property (gains)/losses			
Disposal of fixed assets	**1,485**	1,268	1,548
Additional costs of disposal	**435**	52	775
Disposal of leases	**(3,449)**	(1,088)	(2,200)
Other property gains	**(124)**	–	–
	(1,653)	232	123
Exceptional property (gains)/losses			
Disposal of fixed assets	**–**	–	1,592
Additional costs of disposal	**23**	57	115
Impairment of property, plant and equipment	**–**	–	1,999
Impairment of right of use assets	**–**	2,133	2,133
	23	2,190	5,839
Total property (gains)/losses	**(1,630)**	2,422	5,962

Non-exceptional property losses, excluding disposal of lease assets, were £1,796,000 in the period (2021: £1,320,000).

4. Exceptional items

	Unaudited 26 weeks ended 23 January 2022 £000	Unaudited 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000
Exceptional operating items			
Local government support grants	**(107)**	(5,238)	(11,123)
Duty drawback	**(170)**	(3,699)	(4,418)
Exceptional operating income	**(277)**	(8,937)	(15,541)
Equipment	**–**	2,516	3,753
Stock losses	**–**	2,200	4,158
Staff costs	**–**	11,562	15,692
Other	**–**	195	879
Exceptional operating costs	**–**	16,473	24,482
Total exceptional operating costs	**(277)**	**7,536**	**8,941**
Exceptional property losses			
Disposal programme			
Loss on disposal of pubs	**23**	57	1,707
Impairment of property plant and equipment	**–**	–	–
	23	57	1,707
Other property losses			
Impairment of property, plant and equipment	**–**	–	1,999
Impairment of right-of-use asset	**–**	2,133	2,133
	–	2,133	4,132
Total exceptional property losses	**23**	**2,190**	**5,839**
Other exceptional items			
Exceptional finance costs	**(12,774)**	5,511	12,690
Exceptional tax			
Exceptional tax items	**189**	(2,816)	10,385
Tax effect on exceptional items	**(749)**	–	(3,271)
	(560)	(2,816)	7,114
Total exceptional items	**(13,588)**	12,421	34,584

Duty drawback
A credit of £170,000 (July 2021: £4,418,000) for duty drawback was received for perished stock during the closure periods which arose in the last financial year.

Local government support grants
The company has recognised £107,000 income of local government support grants in the UK and the Republic of Ireland relating to the Covid-19 pandemic. These are recognised on receipt.

Exceptional finance costs
The company has recognised an exceptional net income of £12,774,000, £13,774,000 of which relates to a reclassification due to hedge accounting. See note 22 for further detail. The remaining £1,000,000 charge relates to covenant-waiver fees incurred during the period.

Taxation
The exceptional tax credit of £560,000 comprises a previous year adjustment to current tax of £2,000 and a deferred tax credit of £562,000. The deferred tax relates to a fair value movement on interest rate swaps (£373,000) and the impact of the change in UK tax rate on the deferred tax balances (£189,000).

5. Employee benefits expenses

	Unaudited 26 weeks ended 23 January 2022 £000	Unaudited 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000
Wages and salaries	**302,569**	256,022	520,339
Employee support grants	**(3,145)**	(97,539)	(208,986)
Social security costs	**18,990**	11,130	23,380
Other pension costs	**4,579**	4,058	7,877
Share-based payments	**3,152**	6,420	10,267
Redundancy and restructuring costs (note 4)	**–**	6,179	6,179
	326,145	186,270	359,056

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

Employee numbers	**Unaudited 2022 Number**	Unaudited 2021 Number	Audited 2021 Number
Full-time equivalents			
Managerial/administration	**4,916**	4,613	4,586
Hourly paid staff	**19,695**	19,659	18,736
	24,611	24,272	23,322
	2022 Number	2021 Number	2021 Number
Total employees			
Managerial/administration	**5,030**	4,722	4,703
Hourly paid staff	**36,957**	34,694	34,322
	41,987	39,416	39,025

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

Share-based payments	**Unaudited 26 weeks ended 23 January 2022**	Unaudited 26 weeks ended 24 January 2021	Audited 52 weeks ended 25 July 2021
Shares awarded during the year (shares)	**839,248**	852,261	852,261
Average price of shares awarded (pence)	**1,069**	957	957
Market value of shares vested during the year (£000)	**3,906**	4,150	9,169
Total liability of the share-based payments scheme (£000)	**12,239**	15,047	14,608

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

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

6. Finance income and costs

	Unaudited 26 weeks ended 23 January 2022 £000	Unaudited 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000
Finance costs			
Interest payable on bank loans and overdrafts	**9,892**	11,725	21,903
Amortisation of bank loan issue costs (note 10)	**1,002**	860	1,746
Interest payable on swaps	**5,918**	9,115	18,228
Interest payable on asset-financing	**256**	352	664
Interest payable on private placement	**2,889**	2,223	4,907
Finance costs, excluding lease interest	**19,957**	24,275	47,448
Interest payable on leases	**9,617**	11,015	19,832
Total finance costs	**29,574**	35,290	67,280
Bank interest receivable	**(6)**	(167)	(188)
Lease interest receivable	**(223)**	(210)	(407)
Total finance income	**(229)**	(377)	(595)
Net finance costs before exceptional items	**29,345**	34,913	66,685
Exceptional finance costs (note 4)	**(12,774)**	5,511	12,690
Net finance costs after exceptional items	**16,571**	40,424	79,375

7. Income tax expense

(a) Tax on loss on ordinary activities

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

	Unaudited 26 weeks ended 23 January 2022 Before exceptional items £000	Unaudited 26 weeks ended 23 January 2022 After exceptional items £000	Unaudited 26 weeks ended 24 January 2021 Before exceptional items £000	Unaudited 26 weeks ended 24 January 2021 After exceptional items £000	Audited 52 weeks ended 25 July 2021 Before exceptional items £000	Audited 52 weeks ended 25 July 2021 After exceptional items £000
Taken through income statement						
Current income tax:						
Current income tax charge	**(378)**	**(378)**	–	–	(380)	(380)
Previous period adjustment	**–**	**2**	–	2,641	–	1,836
Total current income tax	**(378)**	**(376)**	–	2,641	(380)	1,456
Deferred tax:						
Origination and reversal of temporary differences	**(629)**	**(1,380)**	(6,297)	(9,192)	(19,158)	(21,704)
Prior year deferred tax (credit)/charge	**–**	**–**	(100)	(2,662)	(1,157)	(3,718)
Impact of change in UK tax rate	**–**	**189**	–	–	–	10,385
Total deferred tax	**(629)**	**(1,191)**	(6,397)	(11,854)	(20,315)	(15,037)
Tax charge/(credit)	**(1,007)**	**(1,567)**	(6,397)	(9,213)	(20,695)	(13,581)

	Unaudited 26 weeks ended 23 January 2022 Before exceptional items £000	Unaudited 26 weeks ended 23 January 2022 After exceptional items £000	Unaudited 26 weeks ended 24 January 2021 Before exceptional items £000	Unaudited 26 weeks ended 24 January 2021 After exceptional items £000	Audited 52 weeks ended 25 July 2021 Before exceptional items £000	Audited 52 weeks ended 25 July 2021 After exceptional items £000
Taken through equity						
Current tax	**(2)**	**(2)**	4	4	6	6
Deferred tax	**20**	**20**	(8)	(8)	(22)	(22)
Tax (credit)/charge	**18**	**18**	(4)	(4)	(16)	(16)

	Unaudited 26 weeks ended 23 January 2022 Before exceptional items £000	Unaudited 26 weeks ended 23 January 2022 After exceptional items £000	Unaudited 26 weeks ended 24 January 2021 Before exceptional items £000	Unaudited 26 weeks ended 24 January 2021 After exceptional items £000	Audited 52 weeks ended 25 July 2021 Before exceptional items £000	Audited 52 weeks ended 25 July 2021 After exceptional items £000
Taken through comprehensive income						
Deferred tax charge on swaps	**7,079**	**7,079**	4,037	4,037	6,241	6,241
Impact of change in UK tax rate	**2,045**	**2,045**	–	–	(1,157)	(1,157)
Tax charge/(credit)	**9,124**	**9,124**	4,037	4,037	5,084	5,084

7. Income tax expense (continued)

(b) Reconciliation of the total tax charge

The taxation charge for the 26 weeks ended 23 January 2022 is based on the pre-exceptional loss before tax of £26.1m and the estimated effective tax rate before exceptional items for the 26 weeks ended 23 January 2022 of 3.9% (2021: 12.4%). This comprises a pre-exceptional current tax rate of 1.4% (2021: 0.2%) and a pre-exceptional deferred tax charge of 2.5% (2021: 12.2% charge).

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

	Unaudited 26 weeks ended 23 January 2022 Before exceptional items £000	**Unaudited 26 weeks ended 23 January 2022 After exceptional items £000**	Unaudited 26 weeks ended 24 January 2021 Before exceptional items £000	Unaudited 26 weeks ended 24 January 2021 After exceptional items £000	Audited 52 weeks ended 25 July 2021 Before exceptional items £000	Audited 52 weeks ended 25 July 2021 After exceptional items £000
(Loss) before income tax	**(26,064)**	**(13,036)**	(52,767)	(68,004)	(167,166)	(194,636)
Loss multiplied by the UK standard rate of corporation tax of 19.0% (2021: 19.0%)	**(4,952)**	**(2,477)**	(10,027)	(12,921)	(31,762)	(36,981)
Abortive acquisition costs and disposals	**373**	**373**	–	–	–	–
Expenditure not allowable	**108**	**98**	69	69	1,791	4,680
Fair value movement on SWAP disregarded for tax	**–**	**(3,217)**	–	–	–	–
Other allowable deductions	**(9)**	**(9)**	(34)	(34)	(18)	(18)
Non-qualifying depreciation	**3,294**	**3,294**	2,287	2,287	7,029	7,029
Capital gains - effect or reliefs	**464**	**464**	168	168	728	728
Share options and SIPs	**(297)**	**(297)**	181	181	955	955
Deferred tax on balance-sheet-only items	**(103)**	**(103)**	–	–	–	–
Effect of different tax rates and unrecognisd losses in oversea companies	**115**	**115**	1,059	1,059	1,740	1,524
Rate change adjustment	**–**	**190**	–	–	–	10,385
Previous year adjustment – current tax	**–**	**2**	–	2,640	–	1,836
Previous year adjustment – deferred tax	**–**	**–**	(100)	(2,662)	(1,158)	(3,719)
Total tax expense reported in the income statement	**(1,007)**	**(1,567)**	(6,397)	(9,213)	(20,695)	(13,581)

7. Income tax expense (continued)

(c) Deferred tax

The deferred tax in the balance sheet is as follows:

The main rate of corporation tax is currently 19% but this will increase to 25% from 1 April 2023. The rate increase has been substantively enacted and therefore the deferred tax balances have been recognised at the rate they are expected to reverse.

Deferred tax liabilities

	Accelerated tax depreciation £000	Other temporary differences £000	Total £000
At 25 July 2021	50,593	5,536	56,129
Movement during year posted to the income statement	2,944	108	3,052
Impact of tax rate change posted to the income statement	932	34	966
At 23 January 2022 (unaudited)	**54,469**	**5,678**	**60,147**

Deferred tax assets

	Share based payments £000	Tax losses and interest capacity carried forward £000	Interest-rate swaps £000	Total £000
At 25 July 2021	807	29,365	9,412	39,584
Movement during year posted to the income statement	(98)	3,927	604	4,433
Movement during year posted to comprehensive income	–	–	(7,079)	(7,079)
Movement during year posted to equity	(20)	–	–	(20)
Impact of change in tax rate posted to income statement	–	777	–	777
Impact of change in tax rate posted to comprehensive income	–	–	(2,045)	(2,045)
At 23 January 2022 (unaudited)	**689**	**34,069**	**892**	**35,650**

The company has recognised deferred tax assets of £35.7m (2021: £39.6m), which are expected to offset against future profits. This includes a deferred tax asset of £34.1m (2021: £29.4m) in respect of UK tax losses and current-year interest restrictions capable of reactivation in future periods. This is on the basis that it is probable that profits will arise in the foreseeable future, enabling the assets to be utilised.

Deferred tax assets and liabilities have been offset as follows

	2022 £000	2021 £000
Deferred tax liabilities	**60,147**	56,129
Offset against deferred tax assets	**(35,650)**	(30,172)
Offset against deferred tax assets (restated)	**-**	(9,412)
Deferred tax liabilities	**24,497**	16,546
Deferred tax assets	**35,650**	39,584
Offset against deferred tax liabilities	**(35,650)**	(30,172)
Offset against deferred tax liabilities (restated)	**-**	(9,412)
Deferred tax asset	**-**	-

As at 23 January 2022, the company had a potential deferred tax asset of £8.8m (2021: £9.1m) relating to capital losses and tax losses in the Republic of Ireland. A deferred tax asset has not been recognised, as there is insufficient certainty of recovery.

On 3 March 2021, the chancellor confirmed that the UK rate of corporation tax will increase to 25% from 1 April 2023. Deferred tax has been calculated at the rate of taxation for the peiod that the deferred tax items are expected reverse.

In accordance with IAS 12, the deferred tax asset and liability must be offset where there is a right of offset, this has been applied in the period and the prior year balance.

8. Earnings and free cash flow per share

(a) Weighted average number of shares

Earnings per share are based on the weighted average number of shares in issue of 128,750,155 (2021: 120,565,127), including those held in trust in respect of employee share schemes. Earnings per share, calculated on this basis, are usually referred to as 'diluted', since all of the shares in issue are included.

Accounting standards refer to 'basic earnings' per share – these exclude those shares held in trust in respect of employee share schemes.

During a period where a company makes a loss, accounting standards require that 'dilutive' shares (for the company, those held in trust in respect of employee share schemes) not be included in the earning per share calculation, because they will reduce the reported loss per share; consequently, all per-share measures in the current period are based on the number of shares in issue less shares held in trust of 126,946,018 (2021: 119,827,162).

From financial year 2021, the weighted average number of shares held in trust for employee share schemes has been adjusted to exclude those shares which are expected to vest, yet remain in trust.

Weighted average number of shares	**Unaudited 26 weeks ended 23 January 2022**	Unaudited 26 weeks ended 24 January 2021	Audited 52 weeks ended 25 July 2021
Shares in issue	**128,750,155**	120,565,127	124,668,915
Shares held in trust	**(1,804,137)**	(737,965)	(1,841,667)
Shares in issue less shares held in trust	**126,946,018**	119,827,162	122,827,248

(b) Earnings per share

26 weeks ended 23 January 2022 unaudited	**Loss £000**	**Basic EPS pence**	**Diluted EPS pence**
Earnings (loss after tax)	**(11,469)**	**(9.0)**	**(9.0)**
Exclude effect of exceptional items after tax	**(13,588)**	(10.7)	(10.7)
Earnings before exceptional items	**(25,057)**	**(19.7)**	**(19.7)**
Exclude effect of property gains/(losses)	**(1,653)**	(1.3)	(1.3)
Underlying earnings before exceptional items	**(26,710)**	(21.0)	(21.0)

26 weeks ended 23 January 2022 unaudited - pre-IFRS16	**Loss £000**	Basic EPS pence	Diluted EPS pence
Earnings (loss after tax)	**(6,660)**	**(5.2)**	**(5.2)**
Exclude effect of exceptional items after tax	**(13,588)**	(10.7)	(10.7)
Earnings before exceptional items	**(20,248)**	**(15.9)**	**(15.9)**
Exclude effect of property gains/(losses)	**1,796**	1.4	1.4
Underlying earnings before exceptional items	**(18,452)**	(14.5)	(14.5)

26 weeks ended 24 January 2021 unaudited	Loss £000	Basic EPS pence	Diluted EPS pence
Earnings (profit after tax)	(58,791)	(49.1)	(49.1)
Exclude effect of exceptional items after tax	12,421	10.4	10.4
Earnings before exceptional items	(46,370)	(38.7)	(38.7)
Exclude effect of property gains/(losses)	232	0.2	0.2
Underlying earnings before exceptional items	(46,138)	(38.5)	(38.5)

8. Earnings and free cash flow per share (continued)

(c) 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, lease principal payments, loan issues costs, 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 scheme.

	Free cash flow £000	Basic free cash flow per share pence	Diluted free cash flow per share pence
26 weeks ended 23 January 2022	**(34,509)**	(27.2)	(27.2)
26 weeks ended 24 January 2021	**(77,306)**	(64.5)	(64.5)
52 weeks ended 25 July 2021	**(83,284)**	(67.8)	(67.8)

(d) Owners' earnings per share

Owners' earnings measures' those earnings attributable to shareholders from current activities adjusted for significant non-cash items and one-off items. Owners' earnings are calculated as pre-IFRS16 profit before tax, exceptional items, depreciation and amortisation and property gains and losses less reinvestment in current properties and cash tax. Cash tax is defined as the current year's current tax charge. The weighted average number of shares in issue used in this metric is disclosed above (see note 8a).

26 weeks ended 23 January 2022 unaudited	**Owners' Earnings £000**	**Basic Owners' EPS pence**	**Diluted Owners' EPS pence**
Loss before tax and exceptional items (pre-IFRS 16 income statement)	**(21,255)**	(16.7)	(16.7)
Exclude depreciation and amortisation	**37,231**	29.3	29.3
Less reinvestment in current properties	**(18,925)**	(14.9)	(14.9)
Exclude property gains and losses	**1,796**	1.4	1.4
Less cash tax (note 7a)	**378**	0.3	0.3
Owners' earnings	**(775)**	(0.6)	(0.6)

26 weeks ended 24 January 2021 unaudited	**Owners' Earnings £000**	**Basic Owners' EPS pence**	**Diluted Owners' EPS pence**
Loss before tax and exceptional items (pre-IFRS 16 income statement)	**(46,172)**	(38.5)	(38.5)
Exclude depreciation and amortisation	**38,719**	32.3	32.3
Less cash reinvestment in current properties	**(7,633)**	(6.4)	(6.4)
Exclude property gains and losses	**1,320**	1.1	1.1
Less cash tax (note 7a)	**-**	-	-
Owners' earnings	**(13,766)**	(11.5)	(11.5)

52 weeks ended 25 July 2021 audited	**Owners' Earnings £000**	**Basic Owners' EPS pence**	**Diluted Owners' EPS pence**
Loss before tax and exceptional items (pre-IFRS 16 income statement)	(154,676)	(125.9)	(125.9)
Exclude depreciation and amortisation	76,388	62.2	62.2
Less cash reinvestment in current properties	(19,962)	(16.3)	(16.3)
Exclude property gains and losses	2,323	1.9	1.9
Less cash tax (note 7a)	380	0.3	0.3
Owners' earnings	(95,547)	(77.8)	(77.8)

8. Earnings and free cash flow per share (continued)

Analysis of additions by type	**Unaudited 26 weeks ended 23 January 2022**	Unaudited 26 weeks ended 24 January 2021	Audited 52 weeks ended 25 July 2021
Reinvestment in existing pubs	**18,925**	8,130	19,962
Investment in new pubs and pub extensions	**26,645**	7,663	24,051
Lease premiums	**(127)**	276	1,800
Freehold reversions and investment properties	**19,248**	1,359	16,858
	64,691	17,428	62,671

Analysis of additions by category	**Unaudited 26 weeks ended 23 January 2022**	Unaudited 26 weeks ended 24 January 2021	Audited 52 weeks ended 25 July 2021
Property, plant and equipment (note 13)	**62,521**	15,194	58,139
Intangible assets (note 12)	**-**	2,234	4
Investment properties (note 14)	**2,170**	-	4,528
	64,691	17,428	62,671

These additions tables have been inserted to reconcile the total fixed asset additions during the period to the reinvestment in existing pubs metric used in the owners' earnings calculation.

9. Cash used in/generated from operations

	Unaudited 26 weeks ended 23 January 2022 £000	**Unaudited* 26 weeks ended 23 January 2022 £000**	Unaudited 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000
Loss for the period	**(11,469)**	**(6,660)**	(58,791)	(181,055)
Adjusted for:				
Tax (note 7)	**(1,567)**	**(1,567)**	(9,213)	(13,581)
Share-based charges (note 2)	**3,152**	**3,152**	6,420	10,267
Loss on disposal of property, plant and equipment (note 3)	**1,485**	**1,485**	1,268	3,140
Disposal of capitalised leases (note 3)	**(3,449)**	**–**	(1,088)	(2,200)
Net impairment charge (note 3)	**-**	**–**	2,133	4,132
Interest receivable (note 6)	**(6)**	**(6)**	(167)	(188)
Interest payable (note 6)	**18,955**	**18,955**	23,415	45,702
Lease interest receivable (note 6)	**(223)**	**–**	(210)	(407)
Lease interest payable (note 6)	**9,617**	**–**	11,015	19,832
Exceptional Interest (note 6)	**(12,774)**	**(12,774)**	5,511	12,690
Amortisation of bank loan issue costs (note 6)	**1,002**	**1,002**	860	1,746
Depreciation of property, plant and equipment (note 13)	**35,690**	**35,690**	37,014	73,193
Amortisation of intangible assets (note 12)	**1,491**	**1,491**	1,694	3,151
Depreciation on investment properties (note 14)	**50**	**50**	12	44
Aborted properties costs	**2,283**	**2,283**	17	628
Cancelled prinipal payments (note 23)	**(2,250)**	**–**	(7,322)	(10,993)
Amortisation of right-of-use assets (note 23)	**22,652**	**–**	23,042	44,532
	64,640	**43,101**	35,611	10,633
Change in inventories	**(154)**	**(154)**	726	(3,758)
Change in receivables	**(269)**	**(337)**	4,908	15,748
Change in payables	**(31,002)**	**(28,021)**	(69,994)	2,585
Cash flow from operating activities	**33,215**	**14,589**	(28,749)	25,208

*This column shows the cash generated from operations as it would have been reported, before the introduction of IFRS16.

10. Analysis of change in net debt

	25 July 2021 £000	Cash flows £000	Other changes £000	23 January 2022 £000
Borrowings				
Cash and cash equivalents	45,408	(6,420)	–	**38,988**
Other loan receivable - due before one year	–	762	–	**762**
Asset-financing obligations – due before one year	(7,610)	870	–	**(6,740)**
Current net borrowings	37,798	(4,788)	–	**33,010**
Bank loans – due after one year	(776,871)	(74,990)	(979)	**(852,842)**
Asset-financing obligations – due after one year	(8,633)	2,661	–	**(5,972)**
Other loan receivable - due after one year	–	3,224	–	**3,224**
Private placement – due after one year	(97,768)	–	(23)	**(97,791)**
Non-current net borrowings	(883,272)	(69,105)	(1,002)	**(953,381)**
Net debt	(845,474)	(73,893)	(1,002)	**(920,371)**
Derivatives				
Interest-rate swaps liability – due after one year	(37,643)	–	34,078	**(3,565)**
Total derivatives	(37,643)	–	34,078	**(3,565)**
Net debt after derivatives	(883,117)	(73,893)	33,076	**(923,936)**
Leases				
Lease assets – due before one year	1,638	(656)	656	**1,638**
Lease assets – due after one year	9,890	–	(209)	**9,681**
Lease obligations – due before one year	(65,219)	25,245	(10,823)	**(50,797)**
Lease obligations – due after one year	(458,596)	–	13,760	**(444,836)**
Net lease liabilities	(512,287)	24,589	3,384	**(484,314)**
Net debt after derivatives and lease liabilities	(1,395,404)	(49,304)	36,460	**(1,408,250)**

The cash movement on the bank loans of £74,990,000 is disclosed in the cash flow statement as an advance/(repayment) under bank loans.

The cash movement on asset-financing of £3,531,000 is disclosed in the cash flow statement as asset-financing principal payments.

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

Non-cash movements
The non-cash movement in bank loans and the private placement relate to the amortisation of loan issue costs.
The amortisation charge for the year of £1,002,000 is disclosed in note 6. These are arrangement fees paid in respect of new borrowings and are charged to the income statement over the expected life of the loans.

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

The non-cash movement in lease liabilities is analysed in the table overleaf.

10. Analysis of change in net debt (continued)

Non-cash movement in net lease liabilities	Unaudited 23 January 2022 £000
Recognition of new leases (note 23)	(4,317)
Remeasurements of existing leases liabilities (note 23)	(8,504)
Remeasurements of existing leases assets (note 23)	447
Disposal of lease (note 23)	13,508
Cancelled principal payments (note 23)	2,250
Exchange differences (note 23)	–
Non-cash movement in net lease liabilities	**3,384**

The table below calculates a ratio between net debt, being borrowing less cash and cash equivalents, and earnings before interest, tax, and depreciation (EBITDA). The numbers in this table are all before the effect of IFRS16.

	Unaudited 26 weeks ended 23 January 2022 £000	Unaudited 26 weeks ended 24 January 2021 £000	Unaudited 52 weeks ended 25 July 2021 £000
Loss before tax (income statement)	(21,255)	(46,172)	(154,676)
Interest	19,951	24,108	47,260
Depreciation	37,219	38,719	76,474
Earnings before interest, tax and depreciation (EBITDA)	**35,915**	16,655	(30,942)
Net debt / EBITDA	25.63	-60.36	-27.32

11. Dividends paid and proposed

	Unaudited 26 weeks ended 23 January 2022 £000	Unaudited 26 weeks ended 24 January 2021 £000	Audited 52 weeks ended 25 July 2021 £000
Paid in the period			
2020 final dividend	–	–	–
2021 interim dividend	–	–	–
2021 final dividend	–	–	–
	–	–	–
Dividends in respect of the period			
Interim dividend	–	–	–
Final dividend	–	–	–
	–	–	–
Dividend per share (p)	–	–	–
Dividend cover	–	–	–

Dividend cover is calculated as profit after tax and exceptional items over dividend paid. Dividend cover has not been shown for previous year and current year, as the company reported a loss in both periods.

12. Intangible assets

	Computer software and development £000	Assets under construction £000	Total £000
Cost:			
At 24 January 2021	34,266	2,189	36,455
Transfers	804	(804)	–
Disposals	(2,323)	(1,381)	(3,704)
At 25 July 2021	32,747	4	32,751
Disposals	(21)	(4)	(25)
At 23 January 2022	**32,726**	**–**	**32,726**
Accumulated amortisation:			
At 24 January 2021	(27,499)	–	(27,499)
Provided during the period	(1,457)	–	(1,457)
Exchange differences	(1)	–	(1)
Disposals	1,564	–	1,564
At 25 July 2021	(27,393)	–	(27,393)
Provided during the period	(1,491)	–	(1,491)
Disposals	7	–	7
At 23 January 2022	**(28,877)**	**–**	**(28,877)**
Net book amount at 23 January 2022	**3,849**	**–**	**3,849**
Net book amount at 25 July 2021	5,354	4	5,358
Net book amount at 24 January 2021	6,767	2,189	8,956

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

13. Property, plant and equipment

	Freehold and Long Leasehold Property	Short Leasehold Property	Equipment Fixtures and Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000
Cost					
At 26 July 2020	1,363,106	295,009	684,732	86,624	2,429,471
Additions	4,356	-	3,434	7,404	15,194
Transfers	3,964	901	1,321	(6,186)	-
Exchange differences	(58)	(5)	(13)	(61)	(137)
Disposals	-	(1,878)	(1,262)	-	(3,140)
Reclassifications	676	(676)	-	-	-
Transfer from investment property	5,768	-	-	-	5,768
At 24 January 2021	1,377,812	293,351	688,212	87,781	2,447,156
Additions	10,427	132	7,817	24,569	42,945
Transfers	37,059	3,263	7,064	(47,386)	-
Exchange differences	(1,299)	(139)	(413)	(1,096)	(2,947)
Disposals	(2,623)	(2,507)	(2,369)	-	(7,499)
Reclassifications	7,166	(7,166)	-	-	-
At 25 July 2021	1,428,542	286,934	700,311	63,868	2,479,655
Additions	22,982	2,039	12,993	24,507	62,521
Transfers to investment property	-	-	-	(2,170)	(2,170)
Transfers	11,193	1,167	1,333	(13,693)	-
Exchange differences	(930)	(47)	(163)	(380)	(1,520)
Transfer to held for sale	(2,854)	(3,279)	(2,123)	-	(8,256)
Disposals	(3,551)	(1,132)	(978)	(959)	(6,620)
Reclassifications	8,167	(8,167)	-	-	-
At 23 January 2022	**1,463,549**	**277,515**	**711,373**	**71,173**	**2,523,610**

Accumulated depreciation and Impairment					
At 26 July 2020	(307,297)	(167,009)	(512,387)	-	(986,693)
Provided during the period	(9,585)	(5,688)	(21,741)	-	(37,014)
Transfers from investment property	(290)	-	-	-	(290)
Disposals	-	1,325	1,086	-	2,411
Reclassification	419	(419)	-	-	-
At 24 January 2021	(316,753)	(171,791)	(533,042)	-	(1,021,586)
Provided during the period	(10,696)	(4,811)	(20,672)	-	(36,179)
Exchange differences	282	23	249	-	554
Impairment loss	(1,631)	(368)	-	-	(1,999)
Disposals	874	1,080	1,427	-	3,381
Reclassification	(4,509)	4,509	-	-	-
At 25 July 2021	(332,433)	(171,358)	(552,038)	-	(1,055,829)
Provided during the period	(10,527)	(4,969)	(20,194)	-	(35,690)
Exchange differences	49	28	93	-	170
Transfer to held for sale	1,442	2,641	2,050	-	6,133
Disposals	776	618	580	-	1,974
Reclassification	(4,751)	4,751	-	-	-
At 23 January 2022	**(345,444)**	**(168,289)**	**(569,509)**	**-**	**(1,083,242)**

Net book amount at 23 January 2022	**1,118,105**	**109,226**	**141,864**	**71,173**	**1,440,368**
Net book amount at 25 July 2021	1,096,109	115,576	148,273	63,868	1,423,826
Net book amount at 24 January 2021	1,061,059	121,560	155,170	87,781	1,425,570
Net book amount at 26 July 2020	1,055,809	128,000	172,345	86,624	1,442,778

13. 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 and fair value. Assumptions are used about sales, costs and profit, using a pre-tax discount rate for future years of 8.7% (2021: 7%).

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

As a result of this exercise, £Nil impairment losses (2021: £Nil) was charged to property losses in the income statement.

14. Investment property

The company owns four (2021: two) freehold properties with existing tenants – and these assets have been classified as investment properties. During the year, a property which was originally recognised as part of property, plant and equipment under the catergory 'Assets under Construction' has been transferred to investment property.

	£000
Cost:	
At 26 July 2020	11,842
Transfer to property, plant and equipment	(5,768)
At 24 January 2021	6,074
Additions	4,528
At 25 July 2021	10,602
Transfer from property plant and equipment	2,170
At 23 January 2022	**12,772**
Accumulated amortisation:	
At 26 July 2020	(315)
Provided during the period	(12)
Transfer to property, plant and equipment	290
At 24 January 2021	(37)
Provided during the period	(32)
At 25 July 2021	(69)
Provided during the period	(50)
At 23 January 2022	**(119)**
Net book amount at 23 January 2022	**12,653**
Net book amount at 25 July 2021	10,533
Net book amount at 24 January 2021	6,037
Net book amount at 26 July 2020	11,527

Rental income received in the period from investment properties was £333,000 (2021: £161,250).
Operating costs, excluding depreciation, incurred in relation to these properties amounted to £9,000 (2021: £2,000).

In the opinion of the directors, the fair value of the investment properties is approximately equal to its book value.

15. Inventories

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

	Unaudited 23 January 2022 £000	Unaudited 24 January 2021 £000	Audited 25 July 2021 £000
Goods for resale at cost	**27,007**	22,369	26,853

16. Receivables

This category relates to situations in which 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's end.

	Unaudited 23 January 2022 £000	Unaudited 24 January 2021 £000	Audited 25 July 2021 £000
Current (due within one year)			
Other loan receivables	**762**	–	–
Other receivables	**3,075**	1,015	2,004
Accrued income	**1,053**	440	1,499
Prepayment	**11,806**	25,813	12,924
Total current receivables	**16,696**	**27,268**	**16,427**
Non-current (due after one year)			
Other loan receivables	**3,224**	–	–
Total other non-current assets	**3,224**	**–**	**–**

Accrued income relates to discounts which are calculated based on certain products delivered at an agreed rate per item.

Included in prepayments is £1,102,000 (2021: £16,500,000) in relation to government grants receivable under the coronavirus job retention scheme.

Credit risk	**Unaudited 23 January 2022 £000**	Unaudited 24 January 2021 £000	Audited 25 July 2021 £000
Due from suppliers – not due	**2,786**	883	1,040
Due from suppliers – overdue	**289**	132	964
	3,075	**1,015**	**2,004**

Credit risk is the risk that a counterparty does not settle its financial obligation with the company. At the period's end, the company has assessed the credit risk on amounts due from suppliers, based on historic experience, meaning that the expected lifetime credit loss was immaterial. Cash and cash equivalents are also subject to the impairment requirements of IFRS9 – the identified impairment loss was immaterial.

17. Assets held for sale

These relate to situations in which the company had exchanged contracts to sell a property, but the transaction is not yet complete. As at 23 January 2022, three sites were classified as held for sale (2021:Nil).

	Unaudited 23 January 2022 £000	Unaudited 24 January 2021 £000	Audited 25 July 2021 £000
Property, plant and equipment	**2,123**	–	–

18. Cash and cash equivalents

	Unaudited 23 January 2022 £000	Unaudited 24 January 2021 £000	Audited 25 July 2021 £000
Cash and cash equivalents	**38,988**	225,024	45,408

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

19. Trade and other payables

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

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

	Unaudited 23 January 2022 £000	Unaudited 24 January 2021 £000	Audited 25 July 2021 £000
Trade payables	**86,652**	67,406	111,918
Other payables	**20,151**	16,835	27,759
Other tax and social security	**59,035**	48,502	44,237
Accruals	**78,082**	50,724	74,787
Deferred Income	**837**	1,275	1,090
	244,757	184,742	259,791

20. Borrowings

	Unaudited 23 January 2022 £000	Unaudited 24 January 2021 £000	Audited 25 July 2021 £000
Current (due within one year)			
Other			
Lease liabilities	**50,797**	72,481	65,219
Asset-financing obligations	**6,740**	7,610	7,610
Total current borrowings	**57,537**	80,091	72,829
Non-current (due after one year)			
Bank loans			
Variable-rate facility	**755,000**	875,000	680,000
CLBILS	**100,033**	48,333	100,033
Unamortised bank loan issue costs	**(2,191)**	(3,829)	(3,162)
	852,842	919,504	776,871
Private placement			
Fixed-rate facility	**98,000**	98,000	98,000
Unamortised private placement issue costs	**(209)**	(255)	(232)
	97,791	97,745	97,768
Other			
Lease liabilities	**444,836**	508,518	458,596
Asset-financing	**5,972**	12,094	8,633
Total non-current borrowings	**1,401,441**	1,537,861	1,341,868
Total borrowings	**1,458,978**	1,617,952	1,414,697

21. Provisions

	Legal claims £000	Total £000
At 25 July 2021	3,004	3,004
Charged to the income statement:		
– Additional charges	1,084	1,084
– Unused amounts reversed	(876)	(876)
– Used during year	(182)	(182)
At 23 January 2022	**3,030**	**3,030**

	23 January 2022 £000	25 July 2021 £000
Current	**3,030**	3,004
Non-current	**–**	–
Total provisions	**3,030**	3,004

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

22. Financial instruments

The table below analyses the company's financial liabilities in 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 23 January 2022 (unaudited)							
Bank loans	25,247	25,247	44,644	856,221	–	–	951,359
Bank loans - CLBILS	2,107	1,164	100,033	–	–	–	103,304
Private placement	3,655	3,655	3,655	3,655	3,655	98,000	116,275
Trade and other payables	184,885	–	–	–	–	–	184,885
Derivatives	8,933	6,165	3,143	3,203	3,361	8,295	33,100
Lease liabilities	50,797	49,096	48,348	45,423	44,242	409,524	647,430
Asset-financing obligations	6,788	4,324	2,323	–	–	–	13,435

	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 25 July 2021							
Bank loans	21,798	21,798	11,857	41,549	855,000	–	952,002
Bank loans - CLBILS	2,005	2,005	100,138	–	–	–	104,148
Private placement	3,655	3,655	3,655	3,655	3,655	99,828	118,103
Trade and other payables	214,464	–	–	–	–	–	214,464
Derivatives	12,054	11,969	5,342	5,293	5,207	5,231	45,096
Lease liabilities	65,219	49,587	49,508	47,872	45,290	427,520	684,996
Asset-financing obligations	7,610	5,145	4,323	–	–	–	17,078

The company has agreed a one-year extension for £855m of its existing banking agreement. The original loan, agreed in February 2019, was for five years with two one-year extension options, the first of which has been exercised. The second extension option was originally meant to be reviewed in January 2022 but this has been deferred until June 2022 at the request of the bank.

At the balance sheet date, the company had loan facilities of £1,083m (2021: £1,041m) as detailed below:

- Secured revolving-loan facility of £875m
  - £20m matures February 2024
  - £855m matures February 2025
  - 14 participating lenders
- Sale of senior secured notes £98m
  - Matures August 2026
  - The purchase of loan notes split among 5 participants.
- CLBILS secured loan of £100m
  - Matures August 2023
  - Four participating lenders
- Overdraft facility of £10m

These facilities have been entered into to meet the short and long term liquidity needs of the business. The objective is to ensure that the company has sufficient financial resources to meet working capital requirements as well as funds for reinvestment and development. The company manages liquidity risk through its revolving-loan facility as well as other longer term facilities to avoid reliance on short term borrowings. The company's borrowings are dependent on the meeting of financial covenants, which if breached, could result in funding being withdrawn. The company has agreed covenant waivers with its lenders as outlined in the going concern section of the 2021 annual report within the accounting policies (page 51) and have ensured liquidity through share placings in the current and prior year.

22. Financial instruments (continued)

The company has hedged its interest-rate liabilities to its banks by swapping the floating-rate debt into fixed-rate debt which has fixed £770m of these borrowings at rates of between 0.61 and 3.84%. The effective weighted average interest rate of the swap agreements used during the year is 1.61% (2021: 2.42%), fixed for a weighted average period of 6.9 years (2021: 3.6 years). In addition, the company has entered into forward-starting interest-rate swaps as detailed in the table below.

Weighted average by swap period:

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

At the balance sheet date, £755m (2021: £875m) was drawn down under the £875m secured-term revolving-loan facility. The amounts drawn under this agreement can be varied, depending on the requirements of the business.

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

The company does not have a specific measure for managing capital structure; instead, the company plans its capital requirements and manages its loans, dividends and share buybacks accordingly. In a normal trading year, the company measures loans using a ratio of net debt to EBITDA which was 3.36 times in 2019. With covenant waivers agreed, management's primary metric is liquidity.

Financial risks associated with financial instruments, including credit risk and liquidy risk, are discussed in the 2021 annual report in the section 2, page 61.

Fair value of financial assets and liabilities
IFRS13 requires disclosure of fair value measurements by level, using the following fair value measurement hierarchy:

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

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

	Unaudited 23 January 2022 £000	Unaudited 24 January 2021 £000	Audited 25 July 2021 £000
Analysis of interest-rate profile of financial liabilities			
Floating rate due after one year	**(2,191)**	101,171	(3,162)
Fixed rate due after one year	**855,033**	818,333	780,033
	852,842	919,504	776,871
Asset-financing obligations			
Fixed rate due in one year	**6,740**	7,610	7,610
Fixed-rate due after one year	**5,972**	12,094	8,633
	12,712	19,704	16,243
Private placement			
Fixed rate due after one year	**97,791**	97,745	97,768
	97,791	97,745	97,768
	963,345	1,036,953	890,882

The floating-rate borrowings are interest-bearing borrowings at rates based on LIBOR, fixed for periods of up to one month.
The fixed-rate loan is the element of the company's borrowings which has been fixed with interest-rate swaps.

22. 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.

	Unaudited 23 January 2022 Book value £000	**Unaudited 23 January 2022 Fair value £000**	Unaudited 24 January 2021 Book value £000	Unaudited 24 January 2021 Fair value £000	Audited 25 July 2021 Book value £000	Audited 25 July 2021 Fair value £000
Financial assets at amortised cost						
Cash and cash equivalents	**38,988**	**38,988**	225,024	225,024	45,408	45,408
Receivables	**3,075**	**3,075**	1,015	1,015	2,004	2,004
Lease assets	**11,319**	**11,432**	12,197	12,185	11,528	11,643
	53,382	**53,495**	238,236	238,224	58,940	59,055
Financial liabilities at amortised cost						
Trade and other payables	**(184,885)**	**(184,885)**	(136,240)	(136,240)	(214,464)	(214,464)
Asset-financing obligations	**(12,712)**	**(12,839)**	(19,704)	(19,712)	(16,243)	(16,406)
Lease obligations	**(495,633)**	**(500,589)**	(580,999)	(593,892)	(523,815)	(529,053)
Private placement	**(97,791)**	**(98,768)**	(97,745)	(99,358)	(97,768)	(98,746)
Borrowings	**(852,852)**	**(861,380)**	(919,504)	(928,699)	(776,871)	(784,639)
	(1,643,873)	**(1,658,461)**	(1,754,192)	(1,777,901)	(1,629,161)	(1,643,308)
Derivatives – cash flow hedges						
Non-current derivative financial liability	**(3,565)**	**(3,565)**	(65,477)	(65,477)	(37,643)	(37,643)
	(3,565)	**(3,565)**	(65,477)	(65,477)	(37,643)	(37,643)

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.

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

	Unaudited 23 January 2022 £000	Unaudited 24 January 2021 £000	Audited 25 July 2021 £000
Within one year	**6,740**	7,610	7,610
In the second to fifth year, inclusive	**6,485**	13,244	9,468
	13,225	20,854	17,078
Less future finance charges	**(513)**	(1,150)	(835)
Present value of lease obligations	**12,712**	19,704	16,243
Less amount due for settlement within one year	**(6,740)**	(7,610)	(7,610)
Amount due for settlement during the second to fifth year, inclusive	**5,972**	12,094	8,633

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

22. Financial instruments (continued)

Interest-rate swaps
At 23 January 2022, 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.

	Loss/(Gain) on interest-rate swaps £000	Deferred tax £000	Total Hedging Reserve £000
As at 24 January 2021	65,477	(11,580)	53,897
Change in fair value posted to comprehensive income	(27,834)	-	(27,834)
Hedge ineffectiveness posted to income statement	(11,707)	-	(11,707)
Deferred tax posted to comprehensive income	-	1,047	1,047
As at 25 July 2021	25,936	(10,533)	15,403
Change in fair value posted to comprehensive income	(22,314)	-	(22,314)
Fair value reclassfied from reserve to income statement	2,011	-	2,011
Deferred tax posted to comprehensive income	-	9,124	9,124
As at 23 January 2022	**5,633**	**(1,409)**	**4,224**

Interest-rate hedges
The company's interest-rate swap agreements are in place as protection against future changes in borrowing costs. Under these agreements, the company pays a fixed interest charge and receives variable interest income which matches the variable interest payments made on the company's borrowings.

There is an economic relationship between the company's revolving-loan facility, the hedged item and the company's interest-rate swaps, the hedging instruments, where the company pays a floating interest charge on the loan and receives a floating interest-rate credit on the interest-rate swap. The interest-rate swap agreement allows the company to receive a floating interest-rate credit and requires the company to pay an agreed fixed interest charge.

The company adopts hedge accounting, meaning that the effective portion of changes in the fair value of derivatives is recognised in comprehensive income, with any gain or loss relating to an ineffective portion accounted for in the income statement.

The company has established a hedging ratio of 1:1 between the interest-rate swaps and the company's floating-rate borrowings, meaning that floating interest rates paid should be identical to those amounts received for a given amount of borrowings.

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

The company tests hedge effectiveness prospectively using the hypothetical derivative method and compares the changes in the fair value of the hedging instrument with those in the fair value of the hedged item attributable to the hedged risk. For interest rate swaps which were designated as part of a hedging relationship a gain of £22,314,000 (2021: £16,717,000) has been recognised in the hedging reserve in respect of the effective portion of the fair value movement. A change in fair value of £13,774,000 (2021: £4,528,000) has been recognised in the income statement as exceptional finance income (note 4). This recognises hedge ineffectiveness and the associated reclassification of hedges based on the forecast future borrowings for the life of the hedges. It has been considered highly probable that floating-rate utilised core debt will be less than the total value of interest rate swaps in place, over the remaining life of the swaps, giving rise to over-hedging. A number of designated hedge relationships have become fully ineffective and therefore have been discontinued and recognised in the income statement. There are no amounts recognised in the hedge reserves for discontinued hedge relationships.

Interest-rate sensitivity
During the 26 weeks ended 23 January 2022, if the interest rates on UK-denominated borrowings had been 1% higher, with all other variables constant, pre-tax loss for the year would have been reduced by £5,000 and equity increased by £67,660,000. The movement in equity arises from a change in the 'mark to market' valuation of the interest-rate swaps into which the company has entered, calculated by a 1% shift of the market yield curve. The company considers that a 1% movement in interest rates represents a reasonable sensitivity to potential changes. However, this analysis is for illustrative purposes only.

23. Leases

About 32% 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 most new pub leases have an uplift in rent which is fixed at the start of the lease.

(a) Right-of-use assets

The table below shows the movements in the company's right-of-use assets.

During the period, 15 leases were remeasured as a result of changes in the agreed payments under the lease contracts and changes in the lease terms. In additions, three new lease contracts were agreed on.

Disposals and derecognised leases in the period represent the purchasing of 10 formerly leasehold properties, the disposal of four leases altogether.

	£000
Cost	
As at 25 July 2021	558,897
Additions	4,317
Remeasurement	8,758
Exchange differences	1
Disposals and derecognised leases	(14,356)
At 23 January 2022 (unaudited)	**557,617**
Accumulated depreciation and impairment:	
As at 25 July 2021	(90,359)
Provided during the period	(22,672)
Disposals and derecognised leases	1,691
Remeasurment	1,907
At 23 January 2022 (unaudited)	**(109,433)**
Net book amount at 23 January 2022 (unaudited)	**448,184**
Net book amount at 25 July 2021	468,538

23. Leases (continued)

(b) Lease maturity profile

The tables below analyse the company's lease liabilities and assets in relevant maturity groupings, based on the remaining period at the balance sheet date to the end of the lease. The amounts disclosed in the table are the contractual undiscounted cash flows. The impact of discounting reconciles these amounts to the values disclosed in the balance sheet.

Lease liabilities	Unaudited 2022 £000	Audited 2021 £000
Within one year	**50,797**	65,219
Between one and two years	**49,096**	49,587
Between two and three years	**48,348**	49,508
Between three and four years	**45,423**	47,872
Between four and five years	**44,242**	45,290
After five years	**409,524**	427,520
Lease commitments payable	**647,430**	684,996
Discounting lease liability	**(151,797)**	(161,181)
Lease liability	**495,633**	523,815

Lease assets	Unaudited 2022 £000	Audited 2021 £000
Within one year	**1,638**	1,638
Between one and two years	**1,398**	1,586
Between two and three years	**1,150**	1,130
Between three and four years	**1,106**	1,084
Between four and five years	**1,112**	1,070
After five years	**7,066**	7,255
	13,470	13,763
Discounting lease asset	**(2,151)**	(2,235)
Lease asset	**11,319**	11,528

The comparative numbers disclosed above are those included in the 2021 annual report.

23. Leases (continued)

(c) Lease liability

The tables below show the movements in the period of the lease liability and the lease asset.

Lease liability	**Unaudited 23 January 2022 £000**	**Audited 25 July 2021 £000**
Lease liability as at commencement of period	**523,815**	**573,146**
Additions	**4,317**	**12,162**
Remeasurements of leases	**8,504**	**(15,602)**
Disposals	**(13,508)**	**(15,790)**
Cancelled principal payments (due to expedient)	**(2,250)**	**(10,993)**
Exchange differences	**-**	**(233)**
Lease liabilities before payments	**520,878**	**542,690**
Interest payable in period:		
Interest expense within period (discounting element)	**9,954**	**19,872**
Cancelled interest expense (due to expedient)	**(412)**	**(2,918)**
	9,542	**16,954**
Total cash outflow for leases in period:		
Lease payment commitments for period	**(24,463)**	**(53,602)**
Cancelled payment commitments (due to expedient)	**2,662**	**13,911**
Deferred payment commitments	**(12,986)**	**3,862**
	(34,787)	**(35,829)**
Net principal payments at 23 January 2022	**(25,245)**	**(18,875)**
At 23 January 2022	**495,633**	**523,815**

The company has applied the practical expedient during the financial period, which is an amendment to IFRS16 – an amendment which allows reductions in rent payments due on or before June 2022 to be credited to the income statement, rather than requiring the remeasurement of the lease and spreading of rent reduction received in this period over the term of the lease.

This practical expedient was extended in March 2021 for a further 12 months to June 2022. This 2021 amendment is effective for annual reporting periods beginning on or after 1 April 2021 and has been applied to all rent concessions which meet the conditions of the expedient.

The application of this amendment results in principal payments of £2,250,000 being credited to the income statement and a reduction in associated interest charges of £412,000, resulting in a total credit to the income statement of £2,662,000 which is disclosed in cash generated from operations, note 9. Future rental payments, up to the end of the lease, are capitalised, including any agreed increases.

Future rent payments could change as a result of open-market rent reviews or options being exercised to terminate a lease early. Any changes in the minimum unavoidable lease payments will be included as a remeasurement of the lease liability.

Leases with lease terms of under one year are not capitalised.

23. Leases (continued)

Lease assets	**Unaudited 2022 £000**	**Audited 2021 £000**
Recognition of Asset liability	**11,528**	**12,851**
Remeasurements of leases	**447**	**–**
Lease assets before payments at 23 January 2022	**11,975**	**12,851**
Interest due in period	**228**	**413**
Total cash Inflow for leases in period	**(884)**	**(1,736)**
Net principal payments at 23 January 2022	**(656)**	**(1,323)**
At 23 January 2022	**11,319**	**11,528**

Rent cash flow Analysis	**2022 £000**
Cash outflows relating to capitalised leases	**34,787**
Expense relating to short term leases	**375**
Expense relating to variable element of concessions	**2,196**
Total rent cash outflows for period	**37,358**
Cash inflows relating to capitalised leases	**(884)**
Income relating to lessor sites	**(757)**
Total rent cash Inflows for period	**(1,641)**

The company has sublet several of its leases which have been capitalised above, with lease assets being the capitalised future rent receivables from sublet sites. The company monitors the receipts of rental charges on sublet sites and where any amounts remain unpaid, take the appropriate steps. It is the company's view that there are no significant credit losses on the sublease assets.

Where needed, deferral terms were agreed on with lessees in relation to the coronavirus pandemic. The assessment is that there is no material expected credit loss.

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

24. Government support

	23 January 2022 £000	24 January 2021 £000	25 July 2021 £000
Eat out to help out (note 1)	**–**	(23,248)	(23,248)
Local government grants (note 4)	**(107)**	(5,238)	(11,123)
Employee support grants (note 5)	**(3,145)**	(97,539)	(208,986)
	(3,252)	(126,025)	(243,357)

The government support in the table above should be viewed in context of the contribution to the economy as on page 5. In the five years before the pandemic the company paid 42.1% of its sales as taxes.

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

Employee support grants
The coronavirus job retention scheme, (CJRS) and equivalent Republic of Ireland schemes, were introduced at the beginning of the pandemic to support companies in retaining employees, in the form of grants to cover a proportion of the wages and salaries of furloughed staff. The claims have been made weekly since April 2020 for weekly paid employees and monthly for salaried employees. No CJRS claims have been made though since 16 August 2021. These are accounted for as a credit to wages and salaries within employee costs.

The company was also eligible for a business rates holiday, which represented a saving of £4.6m (July 2021: £56m) in the period.

The 5% VAT rate on food, non-alcoholic drinks and hotel room sales, introduced in July 2020, was passed on to customers in the form of lower selling prices. This temporary reduced rate ended on 30 September 2021, with a new reduced rate of 12.5% introduced thereafter, which will end on 31 March 2022.

The company has entered into an agreed repayment schedule with HMRC for outstanding liabilities. At the end of the half-year period the outstanding amount was £2.7m (2021: £25.7m), which will be repaid in full by the end of January 2022.

25. Capital commitments

At 23 January 2022, the company had £12.8m (July 2021: £10.0m) of capital commitments, relating to the purchase of seven (July 2021: eight) sites, for which no provision had been made in respect of property, plant and equipment.

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

26. Contingent asset

IAS 37 requires disclosure when it is probable (more than 50% likelihood) that an inflow of benefits will occur. A claim has been submitted to HMRC in relation to the historic VAT treatment of gaming machines. The company is stood behind the lead case of Rank Group PLC and 2016 G1 Limited v HMRC, and will then apply the relevant judgment. The decision of the First-Tier tribunal was released on 30 June 2021 and was found in favour of the taxpayers, and HMRC has subsequently confirmed that it will not appeal against the decision. The timing and amount of the receipt are to be determined, although management’s best estimate is a £27m cash inflow.

27. Related-party disclosures

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

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

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

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

28. Share capital

	Number of shares 000s	Share capital £000
Balance at 26 July 2020 (audited)	120,380	2,408
Issue of shares	8,370	167
Balance at 24 January 2021 (unaudited)	128,750	2,575
Balance at 25 July 2021 (audited)	128,750	2,575
Balance at 23 January 2022 (unaudited)	**128,750**	**2,575**

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

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

29. General Information

J D Wetherspoon plc is a public limited company, incorporated and domiciled in England and Wales.
Its registered office address is: Wetherspoon House, Central Park, Reeds Crescent, Watford, WD24 4QL

The company is listed on the London Stock Exchange.

This condensed half-yearly financial information was approved for issue by the board on 17 March 2022.

This interim report does not comprise statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 25 July 2021 were approved by the board of directors on 1 October 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, contained an emphasis-of-matter paragraph, highlighting material uncertainty relating to going concern and did not contain any statement under sections 498–502 of the Companies Act 2006.

There are no changes to the principal risks and uncertainties as set out in the financial statements for the 52 weeks ended 25 July 2021 which may affect the company's performance in the next 26 weeks. The most significant risks and uncertainties relate to widespread pub closures, the taxation on, and regulation of, the sale of alcohol, cost increases and UK disposable consumer incomes. For a detailed discussion of the risks and uncertainties facing the company, refer to pages 60–61 of the annual report for 2021.

30. Basis of preparation

This condensed half-yearly financial information of J D Wetherspoon plc (the 'Company'), which is abridged and unaudited, has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standards (IAS) 34, Interim Financial Reporting, in conformity with the requirements of the Companies Act 2006. This interim report should be read in conjunction with the annual financial statements for the 52 weeks ended 25 July 2021 which were prepared in accordance with the International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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

The Company has modelled a range of scenarios, with the base forecast being one in which, over the next 12 months, sales broadly recover to pre Covid levels. More cautious scenarios have been analysed, including ones with significantly reduced revenue.

The directors are satisfied that the Company has sufficient liquidity in each of the aforementioned scenarios. The length of the liquidity period, in relation to each outcome, depends on the actions which the Company chooses to take (eg the extent to which cash expenditure is reduced).

The Company has agreed with its lenders to replace existing financial covenant tests with a minimum liquidity covenant for the period up to and including July 2022. There is material uncertainty, which may cast significant doubt over the Company's ability to continue as a going concern, beyond this date, as to whether financial covenant tests will be satisfied or whether further waivers will be agreed by lenders. The Company will remain in regular dialogue with its lenders throughout the period.

In addition, the directors have noted the range of possible additional liquidity options available to the Company, should they be required.

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

The financial information for the 52 weeks ended 25 July 2021 is extracted from the statutory accounts of the Company for that year.

The interim results for the 26 weeks ended 23 January 2022 and the comparatives for 24 January 2021 are unaudited, yet have been reviewed by the independent auditor. A copy of the review report is included at the end of this report.

31. Accounting policies

The accounting policies adopted in the preparation of the interim report are consistent with those applied in the preparation of the Company's annual report for the year ended 25 July 2021, with the same methods of computation and presentation used.

Income tax
Taxes on income in the interim periods are accrued using the tax rate which would be applicable to expected total annual earnings.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that this condensed interim financial information has been prepared in accordance with IAS 34, in conformity with the requirements of the Companies Act 2006, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events which have occurred during the first 26 weeks and their impact on the condensed set of financial statements, plus a description of the changes in principal risks and uncertainties for the remaining 27 weeks of the financial year.
- Material related-party transactions in the first 26 weeks and any material changes in the related-party transactions described in the last annual report.

The directors of J D Wetherspoon plc are listed in the J D Wetherspoon annual report for 25 July 2021.
A list of current directors is maintained on the J D Wetherspoon plc website: jdwetherspoon.com

By order of the board

John Hutson
Director
17 March 2022

Ben Whitley
Director
17 March 2022

INDEPENDENT REVIEW REPORT TO J D WETHERSPOON PLC

Introduction
We have reviewed the condensed set of financial statements in the half-yearly financial report of J D Wetherspoon plc (the ‘company’) for the 26 week period ended 23 January 2022 which comprises the Income statement, Statement of comprehensive income, Cash flow statement, Balance sheet, Statement of changes in equity and the notes to the financial statements. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 30, the annual financial statements of the company are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

Our responsibility
Our responsibility is to express a conclusion to the company on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 week period ended 23 January 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Material uncertainty related to going concern

We draw attention to note 30 and the principal risks and uncertainties in note 29 in the half yearly financial statements, which highlight the risks on the company’s ability to continue trading as a going concern due to the impact of the Covid-19 virus on the economy and hospitality industry and it is also not clear when public confidence and self imposed social distancing measures will allow trading to return to “normal” pre Covid levels. The Company has agreed with its lenders to replace existing financial covenant tests with a minimum liquidity covenant for the period up to and including July 2022. Beyond this date there is no certainty that financial covenants will be either be waived or met. Based on the uncertainties reported, there are two material uncertainties which may cast significant doubt on the company’s ability to continue as a going concern. Our review opinion is not modified in respect of this matter.

Use of our report
This report is made solely to the company, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company as a body, for our review work, for this report, or for the conclusion we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
17 March 2022

PUBS OPENED DURING THE FINANCIAL YEAR

Name	Address	Town/City	Postcode	Country
Keavan’s Port	1-5 Camden Street Upper	Dublin	D02 K854	Ireland
The South Strand	1 Hanover Quay, Grand Canal Dock	Dublin	D02 E295	Ireland
The Scarsdale Hundred	2 Sevenairs Road	Sheffield	S20 1NZ	England
The Navigation Inn	1 Wharf Road	Birmingham	B30 3LS	England

PUBS CLOSED DURING THE FINANCIAL YEAR

Name	Address	Town/City	Postcode	Country
St George’s Hall	203 Church Road	Bristol	BS5 9HL	England
The Vulcan	181 Main Street	Coatbridge	ML5 3HH	Scotland
The Running Horses (Lloyds)	Unit 2 St Helens Leisure Centre Water Street/ Chalon Way	St Helens	WA10 1PY	England
The Pear Tree	25-27 Alcester Road South	Birmingham	B14 7JQ	England
The Drum	557-559 Lea Bridge Road	London	E10 7EQ	England
The Three Tun Tavern	1-5 Temple Road, Carysfort Avenue	Dublin	A94 Y5F1	Ireland

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