6 October 2023

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

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

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

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

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

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

“Those interested in the UK Government’s response to the pandemic may like to read the reports by Professor Francois Balloux, director of the UCL Genetics Institute, in The Guardian, and by Professor Robert Dingwall, of Trent University, in the Telegraph

“See pages 54-56 of Wetherspoon News https://www.jdwetherspoon.com/~/media/files/pdf-documents/wetherspoon-news/wetherspoon-news-autumn-2022.pdf)

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

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

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

“The company currently anticipates a reasonable outcome for the financial year, subject to our future sales performance.

Enquiries:

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

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

Notes to editors

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

CHAIRMAN'S STATEMENT

Financial performance

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

Summary accounts for the years 1984-2023

Financial year	Total number of pubs (Sites)	Total sales £000	Profit/(loss) before tax and exceptional items £000	Earnings per share before separately disclosed items pence[1]	Free cash flow £000	Free cash flow per share pence[2,3]
1984	1	818	(7)	0		
1985	2	1,890	185	0.2		
1986	2	2,197	219	0.2		
1987	5	3,357	382	0.3		
1988	6	3,709	248	0.3		
1989	9	5,584	789	0.6	915	0.4
1990	19	7,047	603	0.4	732	0.4
1991	31	13,192	1,098	0.8	1,236	0.6
1992	45	21,380	2,020	1.9	3,563	2.1
1993	67	30,800	4,171	3.3	5,079	3.9
1994	87	46,600	6,477	3.6	5,837	3.6
1995	110	68,536	9,713	4.9	13,495	7.4
1996	146	100,480	15,200	7.8	20,968	11.2
1997	194	139,444	17,566	8.7	28,027	14.4
1998	252	188,515	20,165	9.9	28,448	14.5
1999	327	269,699	26,214	12.9	40,088	20.3
2000	428	369,628	36,052	11.8	49,296	24.2
2001	522	483,968	44,317	14.2	61,197	29.1
2002	608	601,295	53,568	16.6	71,370	33.5
2003	635	730,913	56,139	17.0	83,097	38.8
2004	643	787,126	54,074	17.7	73,477	36.7
2005[4]	655	809,861	47,177	16.9	68,774	37.1
2006	657	847,516	58,388	24.1	69,712	42.1
2007	671	888,473	62,024	28.1	52,379	35.6
2008	694	907,500	58,228	27.6	71,411	50.6
2009	731	955,119	66,155	32.6	99,494	71.7
2010	775	996,327	71,015	36.0	71,344	52.9
2011	823	1,072,014	66,781	34.1	78,818	57.7
2012	860	1,197,129	72,363	39.8	91,542	70.4
2013	886	1,280,929	76,943	44.8	65,349	51.8
2014	927	1,409,333	79,362	47.0	92,850	74.1
2015	951	1,513,923	77,798	47.0	109,778	89.8
2016	926	1,595,197	80,610	48.3	90,485	76.7
2017	895	1,660,750	102,830	69.2	107,936	97.0
2018	883	1,693,818	107,249	79.2	93,357	88.4
2019	879	1,818,793	102,459	75.5	96,998	92.0
2020[6]	872	1,262,048	(44,687)	(35.5)	(58,852)	(54.2)
2021[3]	861	772,555	(154,676)	(119.2)	(83,284)	(67.8)
2022[3]	852	1,740,477	(30,448)	(19.6)	21,922	17.3
2023[3]	826	1,925,044	42,559	26.4	271,095	211.4

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

Comparison to Pre-Pandemic Period (FY19)

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

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

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

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

Cash flow

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

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

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

Balance sheet

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

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

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

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

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

Trading summary

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

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

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

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

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

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

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

Separately disclosed items

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

There was a £97.7 million gain related to the fair value movement of interest rate swaps; a £9.4 million charge relating to the disposal of pubs; and a £38.3 million property impairment charge, in respect of pubs which were deemed unlikely to generate sufficient cash flows, in the future, to support their carrying value.

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

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

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

Dividends and return of capital

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

Financing

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

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

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

Property

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

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

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

The properties have not been revalued since 1999.

Taxation

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

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

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

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

Business rates transmogrified to a sales tax

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

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

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

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

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

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

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

VAT equality

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

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

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

.

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

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

How pubs contribute to the economy

Wetherspoon and other pub and restaurant companies have always generated far more in taxes than are earned in profits.

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

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

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

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

Corporate governance

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

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

Wetherspoon's review of the boards of major banks and pub companies, which teetered on the edge of failure in the 2008-10 recession, highlighted the short "tenure", on average, of directors.

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

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

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

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

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

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

For example, Wetherspoon has met a compliance officer from one major institution who is responsible for around 400 companies - an impossible task.
As a result, it appears that compliance officers and governance advisors, in practice, often rely on a "tick-box" approach, which is, itself, in breach of the Code.

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

Further progress

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

Frequent calls on pubs by senior executives, the encouragement of criticism from pub staff and customers and the involvement of pub and area managers, among others, in weekly decisions, are the keys to success.
Wetherspoon paid £36.0 million in respect of bonuses and free shares to employees in the period ended 31 July 2023, of which 98.6% was paid to staff below board level and 83.4% was paid to staff working in our pubs.

Wetherspoon has been the biggest corporate sponsor of 'Young Lives vs Cancer' (previously CLIC Sargent), having raised a total of £22.2 million since 2002. During the pandemic, our contributions had been reduced, but, since the reopening of our pubs' there have been great efforts seen and our contributions have bounced back significantly.

Bonuses and free shares

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

Financial year	Bonus and free shares £m	Profit/(loss) after tax[1] £m	Bonus and free shares as % of profits
2007	19	47	41%
2008	16	36	45%
2009	21	45	45%
2010	23	51	44%
2011	23	52	43%
2012	24	57	42%
2013	29	65	44%
2014	29	59	50%
2015	31	57	53%
2016	33	57	58%
2017	44	77	57%
2018	43	84	51%
2019	46	80	58%
2020	33	(39)	-
2021	23	(146)	-
2022	30	(25)	-
2023	36	34	106%
Total	**503**	**591**	**53%[2]**

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

Length of Service

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

Financial year	Average pub manager length of service (Years)	Average kitchen manager length of service (Years)
2013	9.1	6.0
2014	10.0	6.1
2015	10.1	6.1
2016	11.0	7.1
2017	11.1	8.0
2018	12.0	8.1
2019	12.2	8.1
2020	12.9	9.1
2021	13.6	9.6
2022	13.9	10.4
2023	14.3	10.6

Food Hygiene Ratings

Wetherspoon has always emphasised the importance of hygiene standards.

We now have 753 pubs rated on the Food Standards Agency’s website (see table below). The average score is 4.99, with 99.2% of the pubs achieving a top rating of five stars. We believe this to be the highest average rating for any substantial pub company.

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

Financial Year	Total Pubs Scored	Average Rating	Pubs with highest Rating %
2013	771	4.85	87.0
2014	824	4.91	92.0
2015	858	4.93	94.1
2016	836	4.89	91.7
2017	818	4.89	91.8
2018	807	4.97	97.3
2019	799	4.97	97.4
2020	781	4.96	97.0
2021	787	4.97	98.4
2022	775	4.98	98.6
2023	753	4.99	99.2

Property litigation

In 2013, Wetherspoon agreed an out-of-court settlement of approximately £1.25 million with developer Anthony Lyons, formerly of property leisure agent Davis Coffer Lyons, relating to claims that Mr Lyons had been an accessory to frauds committed by Wetherspoon's former retained agent Van de Berg and its directors Christian Braun, George Aldridge and Richard Harvey in respect of properties in Leytonstone (which currently trades as the Walnut Tree), Newbury (which was leased to Café Rouge) and Portsmouth (which currently trades as The Isambard Kingdom Brunel).

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

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

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

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

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

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

Press corrections

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

In order to try to set the record straight, a special edition of Wetherspoon News was published, which includes details of the resulting apologies and corrections. It can be found on the company's website https://www.jdwetherspoon.com/~/media/files/pdf-documents/wetherspoon-news/does-truth-matter_.pdf.

Board changes

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

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

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

Pubwatch

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

Wetherspoon pubs are members of 538 schemes country wide.

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

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

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

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

Current trading and outlook

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

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

Those interested in the UK Government's response to the pandemic may like to read the reports by Professor Francois Balloux, director of the UCL Genetics Institute, in The Guardian, and by Professor Robert Dingwall, of Trent University, in the Telegraph

(see pages 54-56 of Wetherspoon News https://www.jdwetherspoon.com/~/media/files/pdf-documents/wetherspoon-news/wetherspoon-news-autumn-2022.pdf)

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

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

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

The company currently anticipates a reasonable outcome for the financial year, subject to our future sales performance.

INCOME STATEMENT for the 52 weeks ended 30 July 2023

J D Wetherspoon plc, company number: 1709784

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

[1] Restated, see note 8.

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

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

CASH FLOW STATEMENT for the 52 weeks ended 30 July 2023

J D Wetherspoon plc, company number: 1709784

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

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

BALANCE SHEET as at 30 July 2023

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

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium account	Capital redemption reserve	Other reserves	Hedging reserve	Currency translation reserve	Retained earnings	**Total**
		£000	£000	£000	£000	£000	£000	£000	**£000**
As at 25 July 2021		**2,575**	**143,294**	**2,337**	**234,579**	**(19,452)**	**1,851**	**(87,207)**	**277,977**
Total comprehensive income		-	-	-	-	33,069	(1,995)	19,788	50,862
Loss for the period		-	-	-	-	-	-	19,267	19,267
Interest-rate swaps: cash flow hedges		-	-	-	-	48,452	-	-	48,452
Interest-rate swaps: amount reclassified to the income statement		-	-	-	-	(4,332)	-	-	(4,332)
Tax on items taken directly to comprehensive income	7	-	-	-	-	(11,051)	-	-	(11,051)
Currency translation differences		-	-	-	-	-	(1,995)	521	(1,474)
Share-based payment charges		-	-	-	-	-	-	5,874	5,874
Tax on share-based payment		-	-	-	-	-	-	(20)	(20)
Purchase of own shares for share-based payments		-	-	-	-	-	-	(12,808)	(12,808)
At 31 July 2022		**2,575**	**143,294**	**2,337**	**234,579**	**13,617**	**(144)**	**(74,373)**	**321,885**
Total comprehensive income		-	-	-	-	18,164	2,292	58,928	79,384
Profit for the period		-	-	-	-		-	59,587	59,587
Interest-rate swaps: cash flow hedges		-	-	-	-	37,529	-	-	37,529
Interest-rate swaps: amount reclassified to the income statement		-	-	-	-	(13,310)	-	-	(13,310)
Tax on items taken directly to comprehensive income	7	-	-	-	-	(6,055)	-	-	(6,055)
Currency translation differences		-	-	-	-	-	2,292	(659)	1,633
Share capital expenses		-	(124)	-	-	-	-	-	(124)
Share-based payment charges		-	-	-	-	-	-	10,545	10,545
Tax on share-based payment		-	-	-	-	-	-	100	100
Purchase of own shares for share-based payments		-	-	-	-	-	-	(12,332)	(12,332)
At 30 July 2023		**2,575**	**143,170**	**2,337**	**234,579**	**31,781**	**2,148**	**(17,132)**	**399,458**

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

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

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

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

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

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

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

3. Property losses and gains

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

4. Separately disclosed items

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

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

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

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

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

4. Separately disclosed items (continued)

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

Other property losses
Property impairment relates to pubs which are deemed unlikely to generate sufficient cash flows in the future to support their carrying value. In the year, a total impairment charge of £35,966,345 (2022: £19,904,000) was incurred in respect of the of property, plant and equipment and £3,377,000 (2022: £3,964,000) was incurred in respect of right of use assets, as required under IAS 36. There were impairment reversals of £5,430,153 recognised in the year (2022: £2,668,000).

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

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

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

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

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

5. Employee benefits expenses

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

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

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

For further details of directors' emoluments including the highest paid director and details on the number of directors' accruing a pension, please see the directors' remuneration report on pages 67-75 of the annual report.

5. Employee benefits expenses (continued)

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

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

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

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

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

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

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

6. Finance income and costs

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

7. Income tax expense

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

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

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

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

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

7. Income tax expense (continued)

(b) Reconciliation of the total tax charge

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

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

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

7. Income tax expense (continued)

(c) Deferred tax

The deferred tax in the balance sheet is as follows:

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

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

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

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

Deferred tax assets and liabilities have been offset as follows:

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

As at 30 July 2023, the company had a potential deferred tax asset of £9.7 million (2022: £10.9 million) relating to capital losses (gross tax losses £34.5 million (2022: £35.0 million)) and tax losses in the Republic of Ireland (gross tax losses £24.2 million (2022: £18.4 million)). Both types of losses do not expire and will be available to use in future periods indefinitely. A deferred tax asset has not been recognised, as there is insufficient certainty of recovery.

8. Earnings and free cash flow per share

Weighted average number of shares

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) after tax for the period by the weighted average number of ordinary shares in issue during the financial year of 128,750,155 (2022: 128,750,155) less the weighted average number of shares held in trust during the financial year of 3,296,278 (2022: 1,924,810). Shares held in trust are shares purchased by the company to satisfy employee share schemes that have not yet vested.

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

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

Earnings / (loss) per share

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

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

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

9. Cash used/in generated from operations

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

10. Analysis of change in net debt

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

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

The non-cash movement in bank loans and the private placement relate to the amortisation of loan issue costs. The amortisation charge for the year of £1,246,000 (2022: £1,983,000) is disclosed in note 6. These are arrangement fees paid in respect of new borrowings and are charged to the income statement over the expected life of the loans.

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

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

11. Dividends paid and proposed

No final dividend has been proposed for approval at the annual general meeting for the 52 weeks ended 30 July 2023 (2022: Nil). The board will continue to review the dividend policy.

12. Intangible assets

	Computer software and development £000	Assets under construction £000	Total £000
Cost:			
At 25 July 2021	32,747	4	32,751
Additions	2,875	429	3,304
Disposals	(20)	–	(20)
At 31 July 2022	35,602	433	36,035
Additions	1,169	1,689	2,858
Disposals	–	(9)	(9)
At 30 July 2023	**36,771**	**2,113**	**38,884**

Accumulated depreciation:			
At 25 July 2021	(27,393)	–	(27,393)
Provided during the period	(3,240)	–	(3,240)
Disposals	7	–	7
At 31 July 2022	(30,626)	–	(30,626)
Provided during the period	(1,827)	–	(1,827)
Reversal of impairment losses	74	–	74
At 30 July 2023	**(32,379)**	**–**	**(32,379)**
Net book amount at 30 July 2023	**4,392**	**2,113**	**6,505**
Net book amount at 31 July 2022	4,976	433	5,409
Net book amount at 25 July 2021	5,354	4	5,358

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

13. Property, plant and equipment

	Freehold and long leasehold property	Short leasehold property	Equipment fixtures and fittings	Assets under construction	Total
Cost					
At 25 July 2021	1,428,542	286,934	700,311	63,868	2,479,655
Additions	37,019	8,407	33,146	33,700	112,272
Transfers to investment property	-	-	-	(2,170)	(2,170)
Transfers	15,948	1,185	2,572	(19,705)	-
Exchange differences	(1,257)	(53)	(201)	(242)	(1,753)
Transfer to held for sale	(1,739)	-	-	-	(1,739)
Disposals	(13,614)	(3,708)	(4,713)	-	(22,035)
Reclassifications	12,435	(12,435)	-	-	-
At 31 July 2022	1,477,334	280,330	731,115	75,451	2,564,230
Additions	19,315	5,983	32,148	10,323	67,769
Transfers	6,551	1,967	7,900	(16,418)	-
Transfers from capitalised leases	(464)	-	-	-	(464)
Exchange differences	1,289	57	214	253	1,813
Transfer to held for sale	(527)	-	(419)	-	(946)
Disposals	(16,448)	(8,750)	(7,574)	(4,719)	(37,491)
Reclassifications	7,003	(7,003)	-	-	-
At 30 July 2023	**1,494,053**	**272,584**	**763,384**	**64,890**	**2,594,911**

Accumulated depreciation and impairment					
At 25 July 2021	(332,433)	(171,358)	(552,038)	0	(1,055,829)
Provided during the period	(21,336)	(9,704)	(40,186)	0	(71,227)
Transfers from investment property	0	0	0	0	0
Exchange differences	122	19	148	0	289
Impairment loss	(18,617)	279	1,102	(2,215)	(19,451)
Transfer to held for sale	939	0	0	0	939
Disposals	3,752	2,288	1,871	0	7,911
Reclassification	(6,960)	6,960	0	0	0
At 31 July 2022	(374,533)	(171,516)	(589,104)	(2,215)	(1,137,368)
Provided during the period	(21,958)	(9,056)	(39,159)	0	(70,173)
Transfers from investment property	0	0	0	0	0
Exchange differences	(35)	(13)	(184)	0	(232)
Impairment loss	(30,478)	(5,488)	0	0	(35,966)
Reversal of impairment losses	700	3,440	1,290	0	5,430
Transfer to held for sale	206	0	341	0	547
Disposals	5,514	7,534	6,005	1,614	20,667
Reclassifications	(4,523)	4,523	0	0	0
At 30 July 2023	**(425,107)**	**(170,576)**	**(620,811)**	**(601)**	**(1,217,095)**
Net book amount at 30 July 2023	**1,068,946**	**102,008**	**142,573**	**64,289**	**1,377,816**
Net book amount at 31 July 2022	1,102,801	108,814	142,011	73,236	1,426,862
Net book amount at 25 July 2021	1,096,109	115,576	148,273	63,868	1,423,826

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

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

14. Investment property

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

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

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

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

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

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

15. Events after the balance sheet date

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

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

16. Contingent liability

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

17. Going Concern

The directors have made enquiries into the adequacy of the Company's financial resources, through a review of the Company's budget and medium-term financial plan, including capital expenditure plans and cash flow forecasts. In line with accounting standards, the going concern assessment period is the 12-months from the date of approval of these accounts (approximately the end of quarter 1 of FY25). Given the proximity to the going concern review period, the Company has also considered the February 2025 expiry of its current revolving credit facility in its assessment.

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

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

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

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

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

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

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

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

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

After due consideration of the matters set out above, the directors have satisfied themselves that the Company will continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going-concern basis in preparing its financial statements.