J D Wetherspoon plc

ANNUAL REPORT AND ACCOUNTS 2012

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

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

Contents

SECTION 1

SECTION 2

Financial calendar

Annual general meeting
8 November 2012

Interim report for 2013
March 2013

Year end
28 July 2013

Preliminary announcement for 2013
September 2013

Report and accounts for 2013
October 2013

SECTION 1

FINANCIAL HIGHLIGHTS

Revenue up 11.7% to £1,197.1m (excluding week 53: +9.3%)

Like-for-like sales up 3.2% and profit down 2.2%

Operating profit before exceptional items* up 4.9% to £107.3m (excluding week 53: +2.6%)

Operating profit down 3.2% to £93.8m

Operating margin before exceptional items* 9.0% (last year: 9.5%)

Operating margin 7.8% (last year: 9.0%)

Profit before tax and exceptional items* up 8.4% to £72.4m (excluding week 53: +5.8%)

Profit before tax down 4.1% to £58.9m

Earnings per share before exceptional items* up 17.0% to 41.3p (excluding week 53: +14.4%)

Basic earnings per share up 0.6% to 35.6p

Free cash flow per share 73.2p (last year: 59.7p)

40 pubs opened, 3 closed, creating a total of 860

*Exceptional items as disclosed in account note 3.

CHAIRMAN'S STATEMENT, OPERATING AND FINANCE REVIEW

Two years ago, we attempted to make our report and accounts more readable by dividing them into two sections. Section 1 contained the main financial statements, while section 2 contained mainly corporate governance reports.

Many investors feel that annual reports are too long, with the level of detail often hindering an understanding of the business. This year, we have made a start in trying to reduce repetition and jargon, but there is more work to do in the future.

'Record sales, profit and earnings per share before exceptional items'

I am pleased to report a year of further progress for the company, with record sales, profit and earnings per share before exceptional items. The company was founded in 1979 – and this is the 29th year since incorporation in 1983. The table below outlines some key indicators of our performance during that period. As this demonstrates, since our flotation in 1992, earnings per share before exceptional items have grown by an average of 16.8% per annum and free cash flow per share by an average of 19.3%.

Summary accounts for the years ended July 1984 to 2012

Financial year	Total sales £000	Profit before tax and exceptional items £000	Earnings per share before exceptional items pence	Free cash flow £000	Free cash flow per share pence
1984	818	(7)	0.0		
1985	1,890	185	0.2		
1986	2,197	219	0.2		
1987	3,357	382	0.3		
1988	3,709	248	0.3		
1989	5,584	789	0.6	915	0.4
1990	7,047	603	0.4	732	0.4
1991	13,192	1,098	0.8	1,236	0.6
1992	21,380	2,020	1.9	3,563	2.1
1993	30,800	4,171	3.3	5,079	3.9
1994	46,600	6,477	3.6	5,837	3.6
1995	68,536	9,713	4.9	13,495	7.4
1996	100,480	15,200	7.8	20,968	11.2
1997	139,444	17,566	8.7	28,027	14.4
1998	188,515	20,165	9.9	28,448	14.5
1999	269,699	26,214	12.9	40,088	20.3
2000	369,628	36,052	11.8	49,296	24.2
2001	483,968	44,317	14.2	61,197	29.1
2002	601,295	53,568	16.6	71,370	33.5
2003	730,913	56,139	17.0	83,097	38.8
2004	787,126	54,074	17.7	73,477	36.7
2005	809,861	47,177	16.9	68,774	37.1
2006	847,516	58,388	24.1	69,712	42.1
2007	888,473	62,024	28.1	52,379	35.6
2008	907,500	58,228	27.6	71,411	50.6
2009	955,119	66,155	32.6	99,494	71.7
2010	996,327	71,015	36.0	71,344	52.9
2011	1,072,014	66,781	35.3	78,818	59.7
2012	1,197,129	72,363	41.3	91,542	73.2

Notes

Adjustments to statutory numbers

1. Where appropriate, the 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 have been adjusted, to exclude 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.

Like-for-like sales in the year under review increased by 3.2%, with total sales, including week 53 and new pubs, increasing by £125.1 million to £1,197.1 million, a rise of 11.7% (2011: 7.6%). Like-for-like bar sales increased by 2.8% (2011: increased by 1.7%), like-for-like food sales increased by 4.8% (2011: increased by 4.2%) and machine sales decreased by 2.8% (2011: decreased by 3.9%).

Operating profit before exceptional items increased by 4.9% to £107.3 million (2011: £102.3 million) and, after exceptional items, decreased by 3.2% to £93.8 million (2011: £96.9 million). The operating margin, before exceptional items, decreased to 9.0% (2011: 9.5%), mainly as a result of increases in taxation, utilities and bar and food costs. The operating margin after exceptional items was 7.8% (2011: 9.0%).

Profit before tax and exceptional items increased by 8.4% to £72.4 million (2011: £66.8 million) and, after exceptional items, decreased by 4.1% to £58.9 million (2011: £61.4 million). Earnings per share before exceptional items increased by 17.0% to 41.3p (2011: 35.3p), while basic earnings after exceptional items increased by 0.6% to 35.6p (2011: 35.4p).

Net interest was covered 3.1 times by operating profit before exceptional items (2011: 2.9 times) and 2.7 times by operating profit after exceptional items (2011: 2.7 times). Total capital investment was £120.6 million in the period (2011: £126.0 million), with £75.4 million on new pub openings (2011: £87.6 million) and £45.2 million on existing pubs (2011: £38.4 million).

Exceptional items before tax totalled £13.5 million (2011: £5.4 million) of which £0.6 million resulted in a cash charge. The exceptional items relate to the impairment of trading pub assets of £7.8 million (2011: £4.4 million), a provision for onerous leases of £2.2 million, an IT-related asset write-off of £1.7 million, a loss on the disposal of property, plant and equipment of £1.1 million and restructuring costs of £0.6 million. The total impairment provision is now £30.1 million, compared with the original cost of our assets of £1.5 billion.

Free cash flow, after capital investment of £45.2 million on existing pubs (2011: £38.4 million), £5.8 million in respect of share purchases for employees under the company's share-based payment schemes (2011: £5.8 million) and payments of tax and interest, increased by £12.7 million to £91.5 million (2011: £78.8 million). Free cash flow per share was 73.2p (2011: 59.7p).

Property

The company opened 40 pubs during the year, 18 of which were freehold, while three others closed, resulting in a total estate of 860 pubs at the financial year end. The average development cost for a new pub (excluding the cost of freeholds), in the financial year under review, was £1.42 million, compared with £1.21 million a year ago, as we continue to increase expenditure on kitchens, customer areas and beer gardens. The full-year depreciation charge was £49.2 million (2011: £44.4 million).

We currently intend to open around 25 pubs in the year ending July 2013.

Taxation

The overall tax charge (including deferred tax) on pre-exceptional items before taking into account the effect of the tax-rate change on deferred tax is 28.6% (2011: 30.2%). The UK standard average tax rate for the period is 25.3% (2011: 27.3%). The difference between that rate and the company tax is 3.3% (2011: 2.9%), due primarily to the level of non-qualifying depreciation (depreciation which does not qualify for tax relief).

The current tax rate (excluding deferred tax) has fallen to 25.6% (2011: 28.7%). This is due mainly to the decrease in the UK standard average tax rate for the period by 2% and the increased availability of capital allowances in the period.

Financing

As at 29 July 2012, the company's total net debt, including bank borrowings and finance leases, but excluding derivatives, was £462.6 million (2011: £437.7 million), an increase of £24.9 million. Factors which have led to the increase in debt are 40 new pub openings costing £75.4 million, investment in existing pubs of £45.2 million, share buybacks of £22.7 million and dividend payments of £15.5 million. Year-end net-debt-to-EBITDA was 2.96 times (2011: 2.98 times).

As at 29 July 2012, the company had £128.5 million (2011: £120.2 million) of unutilised banking facilities and cash balances, with total facilities of £575.0 million (2011: £550.0 million). The company's existing interest-rate swap arrangements remain in place.

Dividends and return of capital

The board proposes, subject to shareholders' approval, to pay a final dividend of 8.0p per share (2011: 8.0p per share), on 29 November 2012, to those shareholders on the register on 26 October 2012, giving a total dividend for the year of 12.0p per share (2011: 12.0p per share). The dividend is covered 3.0 times (2011: 3.0 times) by earnings.

During the year, 5,602,174 shares (representing approximately 4.3% of the issued share capital) were purchased by the company for cancellation, at a total cost of £22.7 million, representing an average cost per share of 405p.

Further progress

As in the past, the company has tried to concentrate on improving every area of the business, with a particular emphasis on customer service. In this connection, for example, we have introduced a Catering Academy, so that kitchen managers benefit from several days' off-site training. In addition, we now have a record number of employees on our apprenticeship programme and have also extended the general range of our training courses. Bonuses and free shares were at record levels during the year, amounting to £24.1 million, equivalent to 33.3% of our profits before tax, 85% of which was paid to employees working in our pubs.

We have continued to upgrade the range and quality of products on our drinks and food menus. We have 256 pubs recommended in the 2013 Good Beer Guide, a record number and more than any other company. In addition, 98% of our pubs are Cask Marque* approved. We are selling record numbers of breakfasts, teas and coffees, with virtually all of our pubs now open from 8am, seven days a week, and a significant number opening even earlier.

In the IT area, we have continued to make progress, creating a 'MyJDW' Web site – a greatly improved communications tool between the company and its 28,500 employees. We have also introduced a 'time and attendance' system which has improved the recording of employees' hours and creates the potential for improved labour-scheduling in the future. We have been working, in the course of the last financial year, on a new accounting system which 'went live' on 29 July.

Due to dedicated work by our pub and head office teams, we remain the biggest corporate partner for the charity CLIC Sargent, which supports young cancer patients and their families. In the year under review, we raised £1.4 million, bringing the total raised to over £6 million.

*Cask Marque is a system backed by several real-ale brewers, whereby inspectors independently verify the quality of ales at many of Britain's pubs.

Taxation and regulation

As the table below illustrates, the company and its employees paid total taxes of £519.3 million in the financial year, compared with £461.0 million in 2011, an increase of £58.3 million. The company pays over £11 of tax for every £1 of net profit.

	2012 £m	2011 £m
VAT	241.2	204.8
Alcohol duty	136.8	120.2
PAYE and NIC	67.1	65.2
Business rates	43.9	39.8
Corporation tax	18.2	21.2
Machine duty	3.3	2.9
Fuel duty	1.9	1.9
Carbon tax	2.4	0.8
Climate change levy	1.9	1.6
Stamp duty	0.8	1.1
Landfill tax	1.3	1.1
Premises licence and TV licences	0.5	0.4
Total tax	**519.3**	**461.0**
Tax as % of sales	**43.4%**	**43.0%**
Profit after tax	**44.6**	**46.8**
PAT as % of sales	**3.7%**	**4.4%**

As we have previously indicated, the pub trade has lost 50% of its beer sales, for example, in the last 30 years, to supermarkets. We believe that supermarkets have been increasingly able to undercut pubs' prices, as a result of the tax disparity between these types of business. In particular, pubs pay 20% VAT in respect of food sales, while supermarkets pay virtually nothing. This enables supermarkets to cross-subsidise their alcoholic drinks' prices, resulting in large numbers of pub closures and also applying enormous pressure to those pubs which remain open.

We believe that the government has accepted that banks, manufacturers and many other businesses need to remain competitive, both domestically and internationally. The tax régime has often been cited as an important factor, by the prime minister and the chancellor of the exchequer, for example, in gaining a competitive advantage for the nation. In this regard, pubs need a level tax playing field with supermarkets, in order to be able to compete effectively in the long run. Unless there is tax equality, pubs will continue to lose trade to supermarkets – and this will be detrimental to the government, since pubs pay far more tax per meal or per pint, and employ more people, than do supermarkets.

In addition, the government continues to impose stealth taxes on the pub industry. Changes to fruit/slot machine duty, recently announced, will cost Wetherspoon an extra £2.0 million per annum, while the so-called late-night levy, which applies to pubs, but not supermarkets, will result in Wetherspoon paying an extra £2.0 million in tax, in order to be able to open between midnight and 1am, once or twice per week, at the majority of our pubs.

All pubs and pub companies are, or should be, happy to pay their share of tax, but the pub industry has been fleeced by the government, in the last decade and a half in particular – resulting in fewer jobs and lower taxes, but more supermarkets, in the UK.

Current trading and outlook

The biggest danger to the pub industry, as indicated above, is the VAT disparity between supermarkets and pubs, combined with the continuing imposition of stealth taxes, such as the late-night levy and the increase in fruit/slot machine taxes.

In the six weeks to 9 September 2012, like-for-like sales increased by 8.4%, with total sales increasing by 12.8%, helped by a strong performance during the Olympic and Paralympic Games.

Sales this summer have been enhanced by a number of one-off events and we do not expect to sustain this level of growth. As previously indicated, it is anticipated that taxation and input costs will continue to rise. Overall, therefore, the company is aiming for a reasonable outcome, in the current financial year.

Tim Martin
Chairman
14 September 2012

INCOME STATEMENT for the 53 weeks ended 29 July 2012

J D Wetherspoon plc, company number: 1709784

	Notes	**53 weeks ended 29 July 2012 Before exceptional items Total £000**	**53 weeks ended 29 July 2012 Exceptional items (note 3) Total £000**	**53 weeks ended 29 July 2012 After exceptional items Total £000**	52 weeks ended 24 July 2011 Before exceptional items Total £000	52 weeks ended 24 July 2011 Exceptional items (note 3) Total £000	52 weeks ended 24 July 2011 After exceptional items Total £000
Revenue	1	**1,197,129**	**–**	**1,197,129**	1,072,014	–	1,072,014
Operating costs		**(1,089,811)**	**(13,481)**	**(1,103,292)**	(969,705)	(5,389)	(975,094)
Operating profit	2	**107,318**	**(13,481)**	**93,837**	102,309	(5,389)	96,920
Finance income	5	**55**	**–**	**55**	36	–	36
Finance costs	5	**(35,010)**	**–**	**(35,010)**	(35,564)	–	(35,564)
Profit before taxation		**72,363**	**(13,481)**	**58,882**	66,781	(5,389)	61,392
Income tax expense	6	**(15,038)**	**723**	**(14,315)**	(14,600)	–	(14,600)
Profit for the year		**57,325**	**(12,758)**	**44,567**	52,181	(5,389)	46,792
Earnings per ordinary share	7	**41.3**		**35.6**	35.3		35.4

STATEMENT OF COMPREHENSIVE INCOME for the 53 weeks ended 29 July 2012

	Notes	**53 weeks ended 29 July 2012 £000**	52 weeks ended 24 July 2011 £000
Interest-rate swaps: (loss)/gain taken to other comprehensive income	20	**(8,149)**	3,511
Tax on items taken directly to other comprehensive income	6	**717**	(2,466)
Net (loss)/gain recognised directly in other comprehensive income		**(7,432)**	1,045
Profit for the year		**44,567**	46,792
Total comprehensive income for the year		**37,135**	47,837

CASH FLOW STATEMENT for the 53 weeks ended 29 July 2012

J D Wetherspoon plc, company number: 1709784

	Notes	**53 weeks ended 29 July 2012 £000**	**53 weeks ended 29 July 2012 £000**	52 weeks ended 24 July 2011 £000	52 weeks ended 24 July 2011 £000
Cash flows from operating activities					
Cash generated from operations	8	**196,733**	**196,733**	178,197	178,197
Interest received		**49**	**49**	39	39
Interest paid		**(36,091)**	**(36,091)**	(34,020)	(34,020)
Corporation tax paid		**(18,168)**	**(18,168)**	(21,215)	(21,215)
Purchase of own shares for share-based payments		**(5,756)**	**(5,756)**	(5,783)	(5,783)
Net cash inflow from operating activities		**136,767**	**136,767**	117,218	117,218
Cash flows from investing activities					
Purchase of property, plant and equipment		**(36,578)**	**(36,578)**	(31,787)	(31,787)
Purchase of intangible assets		**(8,647)**	**(8,647)**	(6,613)	(6,613)
Proceeds on sale of property, plant and equipment		**887**		1,100	
Investment in new pubs and pub extensions		**(74,859)**		(86,793)	
Purchase of lease premiums		**(489)**		(825)	
Net cash outflow from investing activities		**(119,686)**	**(45,225)**	(124,918)	(38,400)
Cash flows from financing activities					
Equity dividends paid	10	**(15,544)**		(5,211)	
Proceeds from issue of ordinary shares		**95**		225	
Purchase of own shares	25	**(22,711)**		(32,759)	
Advances under bank loans	9	**18,059**		49,962	
Advances under finance leases	9	**10,474**		–	
Finance costs on new loan	9	**(2,731)**		–	
Finance lease principal payments	9	**(4,373)**		(2,908)	
Net cash (outflow)/inflow from financing activities		**(16,731)**		9,309	
Net increase in cash and cash equivalents	9	**350**		1,609	
Opening cash and cash equivalents	17	**27,690**		26,081	
Closing cash and cash equivalents	17	**28,040**		27,690	
Free cash flow	7		**91,542**		78,818
Free cash flow per ordinary share	7		**73.2**		59.7

BALANCE SHEET for the 53 weeks ended 29 July 2012

J D Wetherspoon plc, company number: 1709784

	Notes	29 July 2012 £000	24 July 2011 £000
Assets			
Non-current assets			
Property, plant and equipment	11	**924,341**	881,271
Intangible assets	12	**16,936**	11,525
Deferred tax assets	6	**16,198**	15,569
Other non-current assets	13	**10,682**	10,520
Total non-current assets		**968,157**	918,885
Current assets			
Inventories	14	**20,975**	21,488
Other receivables	15	**18,685**	21,623
Assets held for sale	16	**2,055**	70
Cash and cash equivalents	17	**28,040**	27,690
Total current assets		**69,755**	70,871
Total assets		**1,037,912**	989,756
Liabilities			
Current liabilities			
Trade and other payables	18	**(207,114)**	(189,777)
Financial liabilities	19	**(5,880)**	(3,129)
Current income tax liabilities		**(9,103)**	(9,457)
Total current liabilities		**(222,097)**	(202,363)
Non-current liabilities			
Financial liabilities	19	**(484,771)**	(462,254)
Derivative financial instruments	20	**(66,029)**	(57,880)
Deferred tax liabilities	6	**(67,860)**	(71,448)
Other liabilities	21	**(27,511)**	(24,766)
Total non-current liabilities		**(646,171)**	(616,348)
Net assets		**169,644**	171,045
Shareholders' equity			
Ordinary shares	25	**2,521**	2,632
Share premium account		**143,294**	143,199
Capital redemption reserve		**1,910**	1,798
Hedging reserve		**(50,842)**	(43,410)
Retained earnings		**72,761**	66,826
Total shareholders' equity		**169,644**	171,045

The notes on pages 10 to 30 form an integral part of these financial statements.

The financial statements, on pages 6 to 30 and 35 to 41, approved by the board of directors and authorised for issue on 14 September 2012, are signed on its behalf by:

John Hutson
Director

Kirk Davis
Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

J D Wetherspoon plc, company number: 1709784

	Notes	Called-up share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	**Total** **£000**
At 25 July 2010		**2,783**	**142,975**	**1,646**	**(44,821)**	**59,558**	**162,141**
Profit for the year						46,792	**46,792**
Interest-rate swaps: loss taken to equity	20				3,511		**3,511**
Tax on items taken directly to equity	6				(2,100)	(366)	**(2,466)**
Total comprehensive income					1,411	46,426	**47,837**
Exercise of options	25	1	224				**225**
Repurchase of shares		(152)		152		(32,596)	**(32,596)**
Tax on repurchase of shares						(163)	**(163)**
Share-based payments						4,595	**4,595**
Purchase of shares held in trust						(5,773)	**(5,773)**
Tax on purchase of shares held in trust						(10)	**(10)**
Dividends	10					(5,211)	**(5,211)**
At 24 July 2011		**2,632**	**143,199**	**1,798**	**(43,410)**	**66,826**	**171,045**
Profit for the year						44,567	**44,567**
Interest-rate swaps: loss taken to equity	20				(8,149)		**(8,149)**
Tax on items taken directly to equity	6				717		**717**
Total comprehensive income					(7,432)	44,567	**37,135**
Exercise of options	25	1	95				**96**
Repurchase of shares		(112)		112		(22,598)	**(22,598)**
Tax on repurchase of shares						(113)	**(113)**
Share-based payments						5,379	**5,379**
Purchase of shares held in trust						(5,727)	**(5,727)**
Tax on purchase of shares held in trust						(29)	**(29)**
Dividends	10					(15,544)	**(15,544)**
At 29 July 2012		**2,521**	**143,294**	**1,910**	**(50,842)**	**72,761**	**169,644**

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

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

Shares acquired in relation to the employee Share Incentive Plan and the 2005 Deferred Bonus Scheme are held in trust, until such time as the awards vest. At 29 July 2012, the number of shares held in trust was 5,503,428 (2011: 5,038,173) with a nominal value of £110,100 (2011: £100,800) and a market value of £25,706,512 (2011: £21,890,862).

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

As at 29 July 2012, the company had distributable reserves of £21.9 million (2011: £23.4 million).

1 Revenue

Revenue disclosed in the income statement is analysed as follows:

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Sales of food, beverages, hotel rooms and machine income	**1,197,129**	1,072,014

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

This is stated after charging/(crediting):

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Concession rental payments	**14,831**	13,586
Operating lease payments	**53,230**	50,877
Repairs and maintenance	**44,575**	37,275
Rent receivable	**(540)**	(565)
Depreciation of property, plant and equipment (note 11)	**47,416**	42,866
Amortisation of intangible assets (note 12)	**1,423**	1,223
Amortisation of non-current assets (note 13)	**327**	306
Share-based charges (note 4)	**5,379**	4,595
Auditors' remuneration		
Audit services:		
– audit fees	**156**	150
– other services supplied pursuant to relevant legislation	**29**	28
– other services	**64**	105
Total auditors' fees	**249**	283

Analysis of continuing operations	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Revenue	**1,197,129**	1,072,014
Cost of sales	**(1,045,404)**	(927,045)
Gross profit	**151,725**	144,969
Administration costs	**(44,407)**	(42,660)
Operating profit before exceptional items	**107,318**	102,309
Exceptional items (note 3)	**(13,481)**	(5,389)
Operating profit after exceptional items	**93,837**	96,920

3 Exceptional items

In the table below, property impairment relates to situations where pubs are worth considerably less than the company paid for them, owing to a poor trading performance, so that they could not be sold or generate sufficient cash in the future to justify their book value.

The onerous lease provision relates to pubs where their trading profits do not cover the rent.

Property-related disposals and write-offs are in respect of the losses following the closure/disposal of three sites and write-off of redundant assets during the year.

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Property impairment	**7,823**	4,410
Onerous lease provision	**2,229**	–
Restructuring costs	**625**	–
Write-off of IT-related assets	**1,742**	–
Loss on disposal of property, plant and equipment	**1,062**	979
Operating exceptional items	**13,481**	5,389

During the year under review, an exceptional charge of £7,823,000 (2011: £4,410,000) relates to the impairment of property, plant and equipment, following a review of the company's assets, as required under IAS 36.

4 Employee benefits expense

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Wages and salaries	**305,156**	273,685
Social Security costs	**19,544**	18,609
Pension costs	**1,668**	1,668
Share-based charges	**5,379**	4,595
	331,747	298,557

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

	2012 Number	2011 Number
Full-time equivalents		
Managerial/administration	**3,584**	3,454
Hourly paid staff	**10,819**	9,557
	14,403	13,011

	2012 Number	2011 Number
Total employees		
Managerial/administration	**3,953**	3,828
Hourly paid staff	**22,912**	20,239
	26,865	24,067

Directors' emoluments

	2012 £000	2011 £000
Aggregate emoluments (excluding share-based payments)	**1,544**	1,478
Contributions to a defined contribution scheme	**101**	95
	1,645	1,573

Retirement benefits are accruing to 3 (2011: 3) directors, under a defined contribution scheme.

Details of directors' emoluments are disclosed in the remuneration report on pages 52 to 57; these form part of these financial statements.

5 Finance income and costs

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Finance costs		
Interest payable on bank loans and overdrafts	**32,826**	33,143
Amortisation of bank loan issue costs	**1,709**	1,948
Interest payable on obligations under finance leases	**475**	473
Total finance costs	**35,010**	35,564
Bank interest receivable	**(55)**	(36)
Total finance income	**(55)**	(36)
Total net finance costs	**34,955**	35,528

Further details are provided in account note 20.

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Analysis of finance income and costs in categories in accordance with IAS 39		
Loans and receivables	**(55)**	(36)
Financial liabilities carried at amortised cost	**15,996**	16,136
Financial derivatives	**18,475**	18,751
Other financial expenses	**539**	677
Total net finance costs	**34,955**	35,528

The net finance costs during the year decreased from £35.5 million to £35.0 million. The decrease in finance costs is driven by the full-year impact of the bank deal which was signed in August 2011, partially offset by higher net debt levels.
The finance costs in the income statement were covered 3.1 times (2011: 2.9 times), on a pre-exceptional basis.

6 Income tax expense

(a) Tax on profit on ordinary activities

Tax charged in the income statement
The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012.
Accordingly, the company's profits for this accounting period are taxed at an effective rate of 25.3% (2011: 27.3%).

	53 weeks ended 29 July 2012 Before exceptional items £000	**53 weeks ended 29 July 2012 After exceptional items £000**	52 weeks ended 24 July 2011 Before exceptional items £000	52 weeks ended 24 July 2011 After exceptional items £000
Current income tax:				
Current income tax charge	**18,538**	**17,815**	19,169	19,169
Total current income tax	**18,538**	**17,815**	19,169	19,169
Deferred tax:				
Origination and reversal of temporary differences	**2,127**	**2,127**	980	980
Impact of change in UK tax rate	**(5,627)**	**(5,627)**	(5,549)	(5,549)
Total deferred tax	**(3,500)**	**(3,500)**	(4,569)	(4,569)
Tax charge in the income statement	**15,038**	**14,315**	14,600	14,600
Tax relating to items charged or credited to other comprehensive income				
Deferred tax:				
Tax charge/(credit) on interest-rate swaps	**(717)**	**(717)**	2,100	2,100
Tax charge/(credit) in the statement of comprehensive income	**(717)**	**(717)**	2,100	2,100

6 Income tax expense continued

(b) Reconciliation of the total tax charge

The tax expense after exceptional items in the income statement for the year is lower (2011: lower) than the standard rate of corporation tax in the UK of 25.3% (2011: 27.3%), owing mainly to the impact of the adjustment in respect of change in tax rate. The differences are reconciled below:

	53 weeks ended 29 July 2012 Before exceptional items £000	**53 weeks ended 29 July 2012 After exceptional items £000**	52 weeks ended 24 July 2011 Before exceptional items £000	52 weeks ended 24 July 2011 After exceptional items £000
Profit before income tax	**72,363**	**58,882**	66,781	61,392
Profit multiplied by the UK standard rate of corporation tax of 25.3% (2011: 27.3%)	**18,332**	**14,917**	18,253	16,780
Abortive acquisition costs and disposals	**39**	**39**	309	309
Other disallowables	**192**	**192**	95	95
Other allowable deductions	**(55)**	**(55)**	(92)	(92)
Non-qualifying depreciation	**2,502**	**5,194**	2,849	4,322
Deduction for share options and SIPs	**(7)**	**(7)**	(338)	(338)
Deferred tax on balance-sheet-only items	**(121)**	**(121)**	(927)	(927)
Adjustment to deferred tax in respect of change in tax rate	**(5,844)**	**(5,844)**	(5,549)	(5,549)
Total tax expense reported in the income statement	**15,038**	**14,315**	14,600	14,600

On 1 April 2013, the UK standard rate of corporation tax is set to fall to 23%.

6 Income tax expense continued

(c) Deferred tax

The deferred tax in the balance sheet is as follows:

Deferred tax liabilities	Accelerated tax depreciation £000	Revaluation of land and buildings £000	Other timing differences £000	Total £000
At 25 July 2010	66,083	2,984	6,512	75,579
Credited to the income statement	(3,253)	(355)	(523)	(4,131)
At 24 July 2011	62,830	2,629	5,989	71,448
Impact of change in tax rate on opening balance	(5,026)	(210)	(479)	(5,715)
Movement during year charged to income statement	2,092	(127)	162	2,127
At 29 July 2012	**59,896**	**2,292**	**5,672**	**67,860**

Deferred tax assets	Capital losses carried forward £000	Interest-rate swaps £000	Total £000
At 25 July 2010	661	16,936	17,597
Credited to the income statement	438	–	438
Debited to other comprehensive income	–	(2,466)	(2,466)
At 24 July 2011	1,099	14,470	15,569
Impact of change in tax rate on opening balance	(88)	(1,158)	(1,246)
Movement during year credited to other comprehensive income	–	1,875	1,875
At 29 July 2012	**1,011**	**15,187**	**16,198**

The Finance Bill 2012 was enacted before the balance sheet date of 29 July 2012. It included legislation to reduce the main rate of corporation tax to 23%, with effect from 1 April 2013. The lower rate of 23% has been used to determine the overall net deferred tax liability, as the temporary differences are expected to reverse at a lower rate.

The March 2012 budget announced a further 1% reduction in the main rate of corporation tax. A lower rate of 24%, from 1 April 2012, was enacted in July 2012, with the intention for the rate to reduce further, by 1% per annum, to 22% by 1 April 2014. The proposed rate reduction to 22% had not been substantively enacted at the balance sheet date and is not included, therefore, in the financial statements. The impact of the further change in rate, from 23% to 22%, applied to the deferred tax balance at 29 July 2012 would be to increase profit after tax for the year by £2.9 million and increase other comprehensive losses by £0.7 million in July 2013.

7 Earnings and cash flow per share

Basic earnings per share have been calculated by dividing the profit attributable to equity holders of £44,567,000 (2011: £46,792,000) by the weighted average number of shares in issue during the year of 125,079,021 (2011: 132,019,936).

The weighted average number of shares has been adjusted to exclude shares held in respect of the employee Share Incentive Plan and the 2005 Deferred Bonus Scheme.

Earnings before exceptional items per share have been calculated before items detailed in note 3 and take account of 6,227 (2011: 23,250) potential dilutive shares under option during the year, giving a weighted average number of ordinary shares adjusted for the effect of dilution of 125,085,248 (2011: 132,043,186).

Adjusted earnings exclude an adjustment in respect of the corporation tax-rate change of £5,627,000 (2011: £5,549,000) and exceptional items.

Earnings per share	**53 weeks ended 29 July 2012 £000**	52 weeks ended 24 July 2011 £000
Earnings (profit after tax)	**44,567**	46,792
Exclude one-off tax benefit (rate change)	**(5,627)**	(5,549)
Adjusted earnings after exceptional items	**38,940**	41,243
Exclude effect of exceptional items net of tax	**12,758**	5,389
Adjusted earnings before exceptional items	**51,698**	46,632
Basic/diluted earnings per share	**35.6p**	35.4p
Adjusted earnings per share before exceptional items	**41.3p**	35.3p
Adjusted earnings per share after exceptional items	**31.1p**	31.2p

Free cash flow per share

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

Free cash flow per share	**53 weeks ended 29 July 2012**	52 weeks ended 24 July 2011
Free cash flow (£000)	**91,542**	78,818
Free cash flow per share (p)	**73.2**	59.7

8 Cash generated from operations

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Profit before taxation	**44,567**	46,792
Adjusted for:		
Tax	**14,315**	14,600
Impairment charge	**7,823**	4,410
Onerous lease provision	**2,229**	–
Loss on disposal of property, plant and equipment	**2,804**	979
Amortisation of intangible assets	**1,423**	1,223
Depreciation of property, plant and equipment	**47,416**	42,866
Lease premium amortisation	**327**	306
Share-based charges	**5,379**	4,595
Interest receivable	**(55)**	(36)
Amortisation of bank loan issue costs	**1,709**	1,948
Interest payable	**33,301**	33,616
	161,238	151,299
Change in inventories	**514**	(1,577)
Change in receivables	**2,598**	(1,896)
Change in payables	**32,383**	30,371
Net cash inflow from operating activities	**196,733**	178,197

9 Analysis of changes in net debt

	At 24 July 2011 £000	Cash flows £000	Non-cash movement £000	**At 29 July 2012 £000**
Cash in hand	27,690	350	–	**28,040**
Debt due after one year (notes 19 and 20)	(457,522)	(15,328)	(1,709)	**(474,559)**
Bank borrowing	(429,832)	(14,978)	(1,709)	**(446,519)**
Finance lease creditor – due less than one year	(3,129)	4,373	(7,124)	**(5,880)**
Finance lease creditor – due after one year	(4,732)	(10,474)	4,994	**(10,212)**
Net borrowings	(437,693)	(21,079)	(3,839)	**(462,611)**
Derivative – interest-rate swaps (note 20)	(57,880)	–	(8,149)	**(66,029)**
Net debt	(495,573)	(21,079)	(11,988)	**(528,640)**

10 Dividends paid and proposed

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Declared and paid during the year:		
Dividends on ordinary shares:		
– final for 2010/11: 8.0p (2009/10: 0.0p)	**10,475**	–
– interim for 2011/12: 4.0p (2010/11: 4.0p)	**5,069**	5,211
Dividends paid	**15,544**	5,211
Proposed for approval by shareholders at the AGM:		
– final dividend for 2011/12: 8.0p (2010/11: 8.0p)	**10,006**	10,402

As detailed in the interim accounts, the board declared and paid an interim dividend of 4.0p for the financial year ended 29 July 2012.

11 Property, plant and equipment

	Freehold and long-leasehold property £000	Short-leasehold property £000	Equipment, fixtures and fittings £000	Expenditure on unopened properties £000	Total £000
Cost:					
At 25 July 2010	553,699	382,646	316,062	28,677	1,281,084
Additions	15,167	3,401	28,655	75,485	122,708
Transfers	58,728	6,791	13,431	(78,950)	–
Transfer to/from assets held for sale	–	–	–	(611)	(611)
Disposals	(2,848)	(1,387)	(2,185)	(1,496)	(7,916)
At 24 July 2011	624,746	391,451	355,963	23,105	1,395,265
Additions	8,102	6,302	26,083	61,652	102,139
Transfers	34,903	19,395	14,881	(69,179)	–
Transfer to/from assets held for sale	(4,001)	(895)	(952)	611	(5,237)
Disposals	–	(2,355)	(6,245)	(633)	(9,233)
Reclassification	4,309	(3,809)	–	–	500
At 29 July 2012	**668,059**	**410,089**	**389,730**	**15,556**	**1,483,434**
Accumulated depreciation and impairment:					
At 25 July 2010	87,849	146,880	234,421	1,220	470,370
Provided during the period	12,118	9,906	20,842	–	42,866
Impairment loss	2,231	2,031	148	–	4,410
Disposals	(395)	(798)	(1,639)	(820)	(3,652)
Reclassification	1,503	(1,503)	–	–	–
At 24 July 2011	103,306	156,516	253,772	400	513,994
Provided during the period	11,201	12,582	23,633	–	47,416
Impairment loss	7,317	715	(209)	–	7,823
Disposals	–	(1,725)	(5,660)	–	(7,385)
Transfer to/from assets held for sale	(2,748)	(315)	(660)	541	(3,182)
Reclassification	906	(479)	–	–	427
At 29 July 2012	**119,982**	**167,294**	**270,876**	**941**	**559,093**
Net book amount at 29 July 2012	**548,077**	**242,795**	**118,854**	**14,615**	**924,341**
Net book amount at 24 July 2011	521,440	234,935	102,191	22,705	881,271
Net book amount at 25 July 2010	465,850	235,766	81,641	27,457	810,714

11 Property, plant and equipment continued

Impairment of property, plant and equipment

In assessing whether a pub has been impaired, the book value of the pub is compared with its anticipated future profit.

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

For the year under review, the company projected cash flows for the pubs under review for the 52 weeks to July 2013, with certain assumptions about sales, costs and profit, using a pre-tax discount rate for future years of 10% (2011: 10%).

As a result of this exercise, an impairment loss of £7,823,000 (2011: £4,410,000) was charged to operating costs in the income statement.

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

Finance leases

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

The carrying value of these fixed assets, held under finance leases at 29 July 2012, included within equipment, fixtures and fittings, was as follows:

	2012 £000	2011 £000
Cost	**22,622**	13,399
Accumulated depreciation	**(9,828)**	(7,862)
Net book amount	**12,794**	5,537

12 Intangible assets

	£000
Cost:	
At 25 July 2010	16,987
Additions	6,049
Disposals	(49)
At 24 July 2011	22,987
Additions	8,647
Disposals	(2,021)
At 29 July 2012	**29,613**
Accumulated amortisation	
At 25 July 2010	10,287
Amortisation during the period	1,223
Disposals	(48)
At 24 July 2011	11,462
Amortisation during the period	1,423
Disposals	(208)
At 29 July 2012	**12,677**
Net book amount at 29 July 2012	**16,936**
Net book amount at 24 July 2011	11,525
Net book amount at 25 July 2010	6,700

Amortisation of £1,423,000 (2011: £1,223,000) is included in operating costs in the income statement.

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

Included within the intangible assets is £10,575,000 of assets in the course of development (2011: £5,819,000).

Finance lease

The carrying value of fixed assets held under finance leases at 29 July 2012, included within intangible assets, was as follows:

	2012 £000	2011 £000
Cost	**5,216**	1,909
Accumulated depreciation	**(46)**	–
Net book amount	**5,170**	1,909

13 Other non-current assets

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

	Lease premiums £000
Cost:	
At 25 July 2010	13,163
Additions	825
At 24 July 2011	13,988
Additions	489
Reclassification	(500)
At 29 July 2012	**13,977**
Accumulated amortisation	
At 25 July 2010	3,162
Amortisation during the period	306
At 24 July 2011	3,468
Amortisation during the period	327
Transfer to/from assets held for sale	(73)
Reclassification	(427)
At 29 July 2012	**3,295**
Net book amount at 29 July 2012	**10,682**
Net book amount at 24 July 2011	10,520
Net book amount at 25 July 2010	10,001

14 Inventories

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

	2012 £000	2011 £000
Goods for resale at cost	**20,975**	21,488

15 Other receivables

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

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

	2012 £000	2011 £000
Other receivables	**5,159**	4,429
Prepayments and accrued income	**13,526**	17,194
	18,685	21,623

At the balance sheet date, the company was exposed to a maximum credit risk of £5.2 million, of which £210,000 was overdue. The company holds no collateral for these receivables. An impairment of £105,000 was charged to the income statement in the year. No further impairment to receivables was deemed necessary at the balance sheet date.

16 Assets held for resale

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

As at 29 July 2012, 3 units were classified as held for sale (2011: 1 unit).

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

	2012 £000	2011 £000
Property, plant and equipment	**2,055**	70

A total loss of £957,000, in writing these assets down to fair value less costs to sell, has been included in exceptional items (note 3).

It is expected that these sites will be disposed of in the new financial year.

17 Cash and cash equivalents

	2012 £000	2011 £000
Cash at bank and in hand	**28,040**	27,690

Cash at bank earns interest at floating rates, based on daily bank deposit rates.
There is no difference between the fair value and book value of cash and cash equivalents.

18 Trade and other payables

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

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

	2012 £000	2011 £000
Trade payables	**106,681**	94,713
Other payables	**7,922**	5,878
Other tax and Social Security	**39,180**	30,099
Accruals and deferred income	**53,331**	59,087
	207,114	189,777

19 Financial liabilities

	2012 £000	2011 £000
Current (due within one year)		
Finance lease obligations	**5,880**	3,129
Non-current (due after one year)		
Bank loans		
Variable-rate facility	**474,559**	457,522
Other		
Finance lease obligations	**10,212**	4,732
Total non-current financial liabilities	**484,771**	462,254

20 Financial instruments

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

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

Maturity profile of financial liabilities

	Within 1 year £000	1–2 years £000	2–3 years £000	3–4 years £000	4–5 years £000	More than 5 years £000	Total £000
As at 29 July 2012							
Bank loans	12,163	12,163	12,163	493,198	–	–	529,687
Other long-term payables	818	778	778	778	778	4,880	8,810
Finance lease obligations	6,496	5,949	2,801	2,101	–	–	17,347
Trade and other payables	167,934	–	–	–	–	–	167,934
Derivatives	19,428	19,428	13,722	11,862	4,761	4,683	73,884

	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 24 July 2011							
Bank loans	15,397	15,397	489,703	–	–	–-	520,497
Other long-term payables	729	698	698	698	698	5,215	8,736
Finance lease obligations	3,480	2,856	2,171	–	–	–	8,507
Trade and other payables	159,678	–	–	–	–	–	159,678
Derivatives	18,553	18,553	18,553	10,248	6,986	115	73,008

At the balance sheet date, the company had loan facilities of £575 million (2011: £550 million) as detailed below:

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

- Overdraft facility of £20 million

The company has hedged its interest-rate liabilities to its banks by swapping the floating-rate debt into fixed-rate debt which fixed £400 million of these borrowings at rates of between 5.25% and 5.35%. The effective weighted average interest rate of the swap agreements is 5.33% (2011: 5.47%), fixed for a weighted average period of 2.9 years (2011: 3.9 years).

During the financial year, the company entered into forward-starting interest-rate swap agreements totalling £250 million, to replace the existing swaps which expire in 2014. The weighted average interest rate of these swaps is 2.43% from November 2014 to July 2018.

After the balance sheet date, the company entered into forward-starting interest-rate swap agreements, totalling £150 million, in addition to the existing swaps which expire in 2016. The weighted average interest rate of the new swaps is 1.78% from July 2016 to July 2018.

At the balance sheet date, £485 million (2011: £480 million) was drawn down under the £555-million unsecured-term revolving-loan facility, with interest rates set for periods of between one and six months, at which point monies are repaid and, if appropriate, redrawn.

20 Financial instruments continued

Interest-rate and currency risks of financial liabilities

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

	2012 £000	2011 £000
Analysis of interest-rate profile of the financial liabilities		
Floating-rate borrowings	**74,559**	57,522
Fixed-rate borrowings:		
– bank loans	**400,000**	400,000
– finance lease obligations	**16,092**	7,861
	490,651	465,383

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

Obligations under finance leases

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

	2012 £000	2011 £000
Within one year	**6,496**	3,481
In the second to fifth year, inclusive	**10,852**	5,026
	17,348	8,507
Less future finance charges	**(1,255)**	(646)
Present value of lease obligations	**16,093**	7,861
Less amount due for settlement within one year	**(6,496)**	(3,481)
Amount due for settlement during the second to fifth year, inclusive	**9,597**	4,380

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

20 Financial instruments continued

Fair values
In some cases, payments which are due to be made in the future by the company or to be received by the company have to be given a fair value. An attempt has been made to calculate the value today of the future financial impact.

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

	2012 Book value £000	**2012 Fair value £000**	2011 Book value £000	2011 Fair value £000
Financial assets				
Loans and receivables				
Cash and cash equivalents	**28,040**	**28,040**	27,690	27,690
Other receivables	**5,159**	**5,159**	4,429	4,429
Financial liabilities at amortised cost				
Other financial liabilities				
Trade and other payables	**(167,934)**	**(167,934)**	(159,678)	(159,678)
Finance lease obligations	**(16,092)**	**(16,236)**	(7,861)	(8,328)
Long-term borrowings	**(474,559)**	**(513,831)**	(457,522)	(495,060)
Financial liabilities at fair value through profit or loss				
Interest-rate swaps	**(66,029)**	**(66,029)**	(57,880)	(57,880)

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

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

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

Interest-rate swaps
At 29 July 2012, 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 six months.

The interest-rate swaps of the floating-rate borrowings were assessed to be effective; a cumulative loss of £66,029,000 (2011: a loss of £57,880,000), with a deferred tax credit of £15,187,000 (2011: a credit of £14,470,000), relating to the hedging instrument, is included in equity. A loss of £8,149,000 for the year (2011: gain of £3,511,000) is reflected in equity.

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

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

The fair value of the interest-rate swaps of £66.0 million is considered to be level 2. All other financial assets and liabilities are measured in the balance sheet at amortised cost.

21 Other liabilities

	2012 £000	2011 £000
Operating lease incentives	**10,817**	9,819
Onerous lease provision	**1,747**	–
Amount held in respect of gaming machine settlement under appeal by HMRC	**14,947**	14,947
Other liabilities	**27,511**	24,766

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

The weighted average period to maturity of operating lease incentives is 15.9 years (2011: 16.1 years).

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

The European Court of Justice's decision in respect of Rank plc's gaming claim was handed down on 10 November 2011. It was left as a matter for the national courts to determine how the decision would be applied. Following on from this, a hearing was held at the Upper Tribunal, on 15 June 2012. A decision had not been released at the balance sheet date as to whether the case would be referred back to the First Tier Tribunal, held at the Upper Tribunal, or whether HMRC's appeal would be dismissed.

22 Financial commitments

About 55–60% of the company's pubs are leasehold. New leases are normally for 30 years, with a tenant break clause after 15 years. Most leases have upwards-only rent reviews, based on open-market rental at the time of review, but the majority of new pub leases have an uplift in rent which is fixed at the start of the lease.

The minimum contractual operating lease commitments fall due as follows:

Land and buildings	2012 £000	2011 £000
Within one year	**62,379**	60,736
Between one and five years	**241,646**	228,286
After five years	**894,242**	916,432
	1,198,267	1,205,454

The company has lease commitments, with rentals determined in relation to sales. An estimate of the future minimum rental payments under such leases of £62 million (2011: £58 million) is included above.

23 Capital commitments

The company had £nil capital commitments for which no provision had been made, in respect of property, plant and equipment, at 29 July 2012 (2011: £nil).

24 Related-party disclosures

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

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

Key management compensation

	2012 £000	2011 £000
Salaries and short-term employee benefits	**2,699**	2,578
Post-employment pension benefits	**164**	154
Termination benefits	**132**	366
Share-based charges	**366**	350
	3,361	3,448

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

Directors' interests in employee share plans
Details of the shares held by executive members of the board of directors are included in the remuneration report on pages 52 to 57 which forms part of these financial statements.

25 Share capital

	Number of shares 000s	Share capital £000
At 25 July 2010	139,125	2,783
Allotments	68	1
Repurchase of shares	(7,585)	(152)
At 24 July 2011	131,608	2,632
Allotments	30	1
Repurchase of shares	(5,602)	(112)
At 29 July 2012	**126,036**	**2,521**

The total authorised number of 2p ordinary shares is 500 million (2011: 500 million). All issued shares are fully paid. Proceeds from the issuance of shares amounted to £96,000 (2011: £225,000).

During the year, 5,602,174 shares (representing approximately 4.3% of the issued share capital) were repurchased by the company for cancellation, at a cost of £22.7 million, including stamp duty, representing an average cost per share of 405p.

The aim of the buyback programme is to enhance the earnings per share in the current and future years.

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

26 Share-based payments

Movements in the year

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

(a) New Discretionary Share Option Scheme (NDSO)

	2012 Number	2012 WAEP	2011 Number	2011 WAEP
Outstanding at the beginning of the year	**13,490**	**339.0**	67,296	339.0
Lapsed in the year	**(5,130)**	**339.0**	(5,568)	339.0
Exercised in the year	**(8,360)**	**339.0**	(48,238)	339.0
Outstanding at the end of the year	**–**	**339.0**	13,490	339.0
Weighted average contractual life remaining for share options outstanding at the year end	**–**	**–**	0.1 year	–
Exercise price for options outstanding at the year end	**–**	**–**	339.0p	–

(b) 2001 Executive Scheme (2001 scheme)

	2012 Number	2012 WAEP	2011 Number	2011 WAEP
Outstanding at the beginning of the year	**37,455**	**301.5**	60,110	301.5
Lapsed in the year	**(15,483)**	**301.5**	(2,960)	301.5
Exercised in the year	**(21,972)**	**301.5**	(19,695)	301.5
Outstanding at the end of the year	**–**	**301.5**	37,455	301.5
Weighted average contractual life remaining for share options outstanding at the year end	**–**	**–**	1.1 years	–
Exercise price for options outstanding at the year end	**–**	**–**	301.5p	–

At 29 July 2012, there were no members and no shares held in the NDSO scheme or the 2001 scheme.

27 Events after the balance sheet date

After the balance sheet date, the company entered into forward-starting interest-rate swap agreements, totalling £150 million, in addition to the existing swaps which expire in 2016. The weighted average interest rate of the new swaps is 1.78% from July 2016 to July 2018.

FINANCIAL RECORD for the five years ended 29 July 2012

	2008 £000	2009 £000	2010 £000	2011 £000	**2012 £000**
Sales and results					
Revenue from continuing operations	907,500	955,119	996,327	1,072,014	**1,197,129**
Operating profit before exceptional items	90,457	97,001	100,013	102,309	**107,318**
Exceptional items	(3,275)	(21,920)	(10,557)	(5,389)	**(13,481)**
Finance income	337	336	16	36	**55**
Finance costs	(32,566)	(31,182)	(29,014)	(35,564)	**(35,010)**
Fair value loss on financial derivatives	(794)	794	–	–	**–**
Profit on ordinary activities before taxation	54,159	45,029	60,458	61,392	**58,882**
Taxation	(18,624)	(19,730)	(19,680)	(14,600)	**(14,315)**
Profit for the year	35,535	25,299	40,778	46,792	**44,567**
Net assets employed					
Non-current assets	805,017	797,496	845,012	918,885	**968,157**
Net current liabilities	(80,806)	(199,468)	(111,164)	(131,492)	**(152,342)**
Non-current liabilities	(458,732)	(346,259)	(473,034)	(520,134)	**(550,800)**
Deferred tax and other liabilities	(84,932)	(84,076)	(98,673)	(96,214)	**(95,371)**
Shareholders' funds	180,547	167,693	162,141	171,045	**169,644**

Ratios					
Operating margin (excluding exceptional items)	10.0%	10.2%	10.0%	9.5%	**9.0%**
Earnings per share (excluding exceptional items)	27.6p	32.6p	36.0p	35.3p	**41.3p**
Free cash flow per share	50.6p	71.7p	52.9p	59.7p	**73.2p**
Dividends per share (interim and final)	12.0p	0p	19.0p	12.0p	**12.0p**

Notes to the financial record

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

SECTION 2

AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRSs

The financial statements of J D Wetherspoon plc ('the Company') for the year ended 29 July 2012 were authorised for issue by the board of directors on 14 September 2012, and the balance sheet was signed on the board's behalf by J Hutson and K Davis. J D Wetherspoon plc is a public limited company, incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

The Company's financial statements have been prepared in accordance with the EU-endorsed IFRSs and IFRIC interpretations as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out on pages 35 to 39.

Basis of preparation

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

The Company's financial statements are presented in sterling, with all values rounded to the nearest thousand pounds (£000), except where otherwise indicated. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 29 July 2012; they have been consistently applied.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and judgements are based on historical experience and other factors, including expectations of future events which are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates. The areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the financial statements are disclosed below.

Insurance accrual

A provision for public liability insurance is made for the estimated exposure of the Company to claims. This has been based on experience of historical claims.

Impairment of property, plant and equipment

The Company determines whether property, plant and equipment is impaired by estimating a unit's value in use and fair value less costs to sell, to determine the recoverable amounts of cash-generating units (CGUs).

Fair value less costs to sell is determined using external and internal estimates of the value of the Company's CGUs. The value in use is calculated using the estimated earnings and cash flows derived by management estimates and applying a suitable pre-tax discount rate to these cash flows.

Any changes in the level of forecast earnings or cash flows, the discount rate applied or the estimate in fair value less costs to sell could give rise to an additional impairment provision.

Hedging

The Company applies assumptions on future transactions which could have an impact on those future borrowings which are critical in the effectiveness calculations of its interest-rate swaps. If these transactions were not to occur, it may result in all or part of the cumulative gain or loss which was originally reported in equity being transferred to the income statement.

Taxation

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

Deferred tax

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

Segmental reporting

The Company reports in one business segment (that of public houses) and one geographical segment (being the United Kingdom). Given the immaterial size of the Company's hotel business, this has not been separately disclosed as a business segment.

Exceptional items

The Company presents, on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the event giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with previous periods and to better assess trends in financial performance.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost, less accumulated depreciation and any impairment in value. Cost of assets includes acquisition costs, as well as other directly attributable costs in bringing the asset into a working condition.

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

Freehold land is not depreciated.

Freehold buildings are depreciated to their estimated residual values over periods of 50 years.

Short-leasehold buildings are depreciated over the lease period.

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

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

As required by IAS 16, property, plant and equipment's expected useful life and residual values are reviewed annually.

The carrying values of property, plant and equipment are reviewed for impairment, if events or changes in circumstances indicate that their carrying values may not be recoverable. Any impairment in the value of property, plant and equipment is charged to the income statement.

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

Impairment
At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or CGU's fair value less costs to sell and its value in use; this is determined for an individual asset, unless the asset does not generate cash inflows which are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date about whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount which would have been determined, net of depreciation, had no impairment loss been recognised for the asset in previous years. Such a reversal is recognised in the income statement. After such a reversal, the depreciation charge is adjusted in future periods, to allocate the asset's revised carrying amount, less any residual value, on a systematic basis, over its remaining useful life.

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

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

Computer software – 3 to 10 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

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

Assets held for sale
Where the value of an asset will be recovered through a sale transaction, rather than continuing use, the asset is classified as held for sale. Assets held for sale are valued at the lower of book value and fair value, less any costs of disposal, and are no longer depreciated.

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

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

Revenue recognition
Revenue is the value of goods and services sold to third parties as part of the Company's trading activities, after deducting discounts and sales-based taxes.

Revenue is recognised when the significant risks and rewards of ownership are transferred. Revenue represents amounts derived principally from the sale of goods (drink and food sales, recognised at the point at which the goods are provided) and the rendering of services. Machine revenue is recognised after deducting sales-based taxes. All costs in relation to machine sales are included in cost of sales.

Leases

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

Leases where the lessor retains substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Rental payments in respect of operating leases are charged against operating profit, on a straight-line basis, over the period of the lease.

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

Lease incentives

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

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, unless the requirements under IAS 23, for the capitalisation of borrowing costs relating to assets, are met.

Income taxes

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

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

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

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

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

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

Free cash flow

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

Financial instruments

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

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category, if acquired principally for the purpose of selling in the short term.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'fair value gain/loss on financial derivatives' in the period in which they arise.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'other receivables' on the balance sheet.

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

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of one month or under. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above. Bank overdrafts are shown within current financial liabilities on the balance sheet.

Financial liabilities
The Company classifies its financial liabilities in the following categories: at fair value through profit or loss, and other financial liabilities. The classification depends on the purpose for which the financial liabilities were acquired.

a) Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category, if acquired principally for the purpose of selling in the short term. Financial liabilities with a designated hedge may also be categorised as financial liabilities at fair value through profit or loss. They are included in current liabilities, except for maturities greater than 12 months after the balance sheet date.

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

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

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

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

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

Hedge accounting is used only where, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, it meets the Company's risk-management objective strategy for undertaking the hedge and is expected to be highly effective.

Interest-rate swaps
Interest-rate swaps are classified as hedges where they hedge exposure to cash flow variability which is attributable to either a particular risk associated with a recognised asset or liability or a forecast transaction.

For interest-rate swaps, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement within 'fair value gain/loss on financial derivatives'. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or roll-over or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity, until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability, as above. If the related transaction is not expected to occur, the amount is taken to the income statement.

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

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

Retirement benefits
Contributions to personal pension schemes are recognised in the income statement in the period in which they fall due. All contributions are in respect of a defined contribution scheme.

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

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

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than market conditions linked to the price of the shares of the Company.

No expense is recognised for awards which do not ultimately vest, except for awards where vesting is conditional on a market condition, which are treated as vesting, irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired, being management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments which will ultimately vest or, in the case of an instrument, subject to a market condition, be treated as vesting as described previously.

The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, with any cost not yet recognised in the income statement for the award being treated as an expense immediately. Any compensation paid, up to the fair value of the award at the cancellation or settlement date, is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

New standards, amendments and interpretations effective in the current year:

Annual improvements 2010: This is a collection of amendments to two standards as part of the IASB programme of annual improvements. The standards affected are:

- IFRS 7 – Financial instruments – disclosures
- IAS 1 – Presentation of financial statements

The adoption of these amendments had no impact on the Company's results or financial position.

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

- Amendment to IFRIC 14, IAS 19 'Prepayments of a minimum funding requirement'
- Amendments to IAS 24 (revised) 'Related-party disclosures'
- Amendments to IFRS 7 'Financial instruments: Disclosures on derecognition'

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

- Amendment to IAS 1: Presentation of financial statements, on other comprehensive income (OCI)
- Annual improvements 2011

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

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

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

The following risks, while not intended to be a comprehensive analysis, constitute (in the opinion of the board) the principal risks and uncertainties currently facing the Company:

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

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

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

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

Reputational risk
The Company is aware that, in operating in a consumer-facing business, its business reputation, built over many years, can be damaged in a significantly shorter timeframe. The Company, therefore, in its day-to-day business, maintains substantial efforts in this area, to improve operational controls.

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

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

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

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

Capital risk management
The Company aims to increase sales, earnings and distributions to shareholders, while maintaining reasonable levels of capital and debt. Financial conditions since 2007/08 demonstrate that banking facilities may not be available for some companies in extraordinary circumstances – and this is a risk to the Company. However, in spite of extreme financial conditions, the Company was able to refinance its debt in March 2010 and August 2011.

Interest-rate risk
The Company manages the risks of an increase in interest rates by swapping the majority of its floating-rate borrowings into fixed rates.

During the 53 weeks ended 29 July 2012, if the interest rates on UK-denominated borrowings had been 1% higher, with all other variables constant, pre-tax profit for the year would have been reduced by £1,047,000 and equity increased by £20,963,000. The movement in equity arises from a change in the 'mark to market' valuation of the interest-rate swaps into which the Company has entered, calculated by a 1% shift of the market yield curve. The Company considers that a 1% movement in interest rates represents a reasonable sensitivity to potential changes. However, this analysis is for illustrative purposes only.

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

At the balance sheet date, the Company was exposed to a maximum credit risk of £5.2 million, of which £210,000 was overdue, and an impairment charge of £105,000 was taken to the income statement in the year.

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

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

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

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

We have audited the financial statements of J D Wetherspoon plc for the 53-week period ended 29 July 2012 which comprise the income statement, the statement of comprehensive income, the cash flow statement, the balance sheet, the statement of changes in shareholders' equity and the related notes. The financial reporting framework which has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, set out on page 48, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements, in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 July 2012 and of its profit and cash flows for the 53-week period then ended.
- have been properly prepared in accordance with IFRSs as adopted by the European Union.
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the information given in the corporate governance statement, set out on pages 58 to 62, with respect to internal control and risk management systems and about share capital structures, is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006, we are required to report to you whether, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us.
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns.
- certain disclosures of directors' remuneration specified by law are not made.
- we have not received all of the information and explanations which we require for our audit.
- a corporate governance statement has not been prepared by the Company.

Under the Listing Rules, we are required to review:

- the directors' statement, set out on pages 48 and 49, in relation to going concern.
- the parts of the corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.
- certain elements of the report to shareholders, by the board, on directors' remuneration.

Andrew Paynter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 September 2012

CORPORATE SOCIAL RESPONSIBILITY REPORT

The Company aims to be an important part of the local communities in which it trades, managing its responsibilities from both corporate and social perspectives. The Company's corporate social responsibility plan identifies four areas: people; responsible retailing; community and charity; the environment.

People

The Company aims to be a highly regarded employer, through its investment in training and development, policies on equality, a competitive remuneration package and the encouragement of employees to participate actively in business strategy.

The Company created over 2,500 new jobs in 2011/12 and is working with government agencies and charities to offer jobs to the long-term unemployed.

In relation to training, the Company held over 1,200 separate training courses in 2011/12, attended by over 11,500 employees, and promoted over 1,800 staff to shift leader or management positions.

In addition, the professional diploma in leisure retail management, run in conjunction with Leeds Metropolitan University, is offered to all pub managers and area managers. We believe this diploma to have been the first in-house programme in the licensed trade which allows employees to gain a professional qualification while working. The programme now includes a 'degree top-up', also in conjunction with the university. In the last year, 41 employees have benefited from the scheme.

The quality and volume of the Company's training courses help to create motivation and to provide employees with the necessary skills to carry out their job to a consistently high standard. All employees are now able to participate in e-learning, through a dedicated employee Web site.

The Company offers a range of nationally recognised qualifications available to employees, including an apprenticeship programme.

The Company is committed to equal opportunities and the elimination of discrimination, harassment and victimisation of employees. Of our workforce, 51% is female and 49% male.

The Company has also been recognised as an 'Age Positive' employer, by the Department for Work and Pensions. It has also been recognised by the Corporate Research Foundation, in association with The Guardian newspaper, as one of 'Britain's Top Employers', for nine consecutive years, including 2012.

The Company regularly benchmarks its remuneration packages. In addition to competitive pay rates, the Company has created a bonus scheme for all employees. In this connection, the Company awarded bonuses and shares (SIPs) for employees of £24.1 million in the year, an increase of 6.3% (2011: £22.6 million). Of the payments, 98.5% were made to employees below board level, with approximately 85% of payments made to employees working in our pubs. In addition to this, all employees are able to join the Company's health plan and pension plan, as well as obtain tax-efficient childcare vouchers.

Responsible retailing

Responsible drinks retailing

The Company supports practices which promote sensible drinking and has established a 'code of conduct for responsible retailing', outlining its approach in this area.

We also seek to develop partnerships with local authorities and the police. All pubs are requested to become a member of the local pubwatch scheme (which promotes a safe and responsible drinking environment). In a number of locations, a Company pub manager chairs the scheme and, where there is no pubwatch, we try to work with the local police and council to establish one. A Company representative sits on the National Pubwatch committee – and the business financially supports the Drinkaware Trust and the British Institute of Innkeeping.

We encourage our pubs to enter the 'Best Bar None' schemes (run by local authorities and the police, to encourage good behaviour in town centres), promoting a safe and secure environment.

Food information and quality

The Company aims to improve the quality of its food offering continually and to provide customers with the required information about our product range, to allow them to make informed decisions about their food consumption. This includes nutritional information for all dishes, via our Web site and a printed leaflet, available in pubs.

The Company endeavours to ensure strict specifications for all of its products, so that high standards of quality are met. For example, the sausages which the Company sources from the Welsh Sausage Company contain only British pork, with no artificial colours or flavours; the Company uses only dolphin-friendly tuna; the haddock, cod and salmon in our dishes are sourced from recognised, sustainable fisheries; all fishcakes are made with oak-smoked, line-caught, sustainable haddock; we use only British Lion Quality free-range eggs and cook with virtually trans-fat-free oil.

Our beef & Abbot Ale pie was overall winner of England's Best Steak Pie 2011, sponsored by the English Beef and Lamb Executive (EBLEX); our Lincolnshire pork sausage won the gold award from the British Pig Executive (BPEX) in 2012; our Bramley apple, pear & raspberry crumble received Best Bramley Apple Food service product 2012, in the 'Brammy' Awards.

All of the Company's food suppliers are accredited by the British Retail Consortium.

Working with suppliers
The Company usually seeks to promote long-term relationships with its suppliers and supports UK farming, using British chips and hash browns and British beef in its beef burgers, lasagne, chilli con carne, steak & kidney pudding and beef & Abbot Ale pie. All of our steaks are from Britain and Ireland.

Where practicable, the Company works with suppliers, contractors and partners to minimise environmental impact and encourage sustainable sourcing.

The Company supports brewers of all sizes, across the UK and Ireland, so that customers can enjoy a diverse range of real ales. Wetherspoon is supporting over 400 UK microbrewers, delivering 5,100 ales through real-ale festivals, exhibitions, meet-the-brewer events and the promotion and stocking of their beers. Every pub endeavours to have at least four ales available at all times, of which two are locally sourced. There are 256 Wetherspoon pubs listed in the CAMRA Good Beer Guide 2012 (2011: 235) – a larger proportion than any other pub company.

There are 825 pubs (98%) accredited by Cask Marque for the quality and consistency of the real ale which they serve.

The Company seeks to carry out its business honestly, ethically and with respect for the rights and interests of all of those involved. The Company endeavours to ensure that relations with customers, suppliers and business partners are mutually beneficial and expects its business practices and standards to be upheld.

Health and safety
The Company seeks to promote high standards of safety, throughout the business, by endeavouring to ensure that employees attend appropriate training. Pubs are regularly assessed for risks, with relevant solutions identified to address them. Pubs are also regularly audited for safety. There is a 'Food Hygiene Rating Scheme' system – a local authority scheme to measure good practice in these areas – which awards between zero and five. Of our pubs, 95% of those listed now have scores of four or five.

We have signed a Primary Authority Partnership (under the Better Regulation Delivery Office scheme) for Health & Safety, Food Safety and Trading Standards, with Reading Borough Council.

Community

Historically, pubs have always been a focal point of any community, and we aim to continue that tradition by supporting and building relationships with the local community, through employment and the provision of services and investment in the local area. We aim to ensure that we provide full access for those with disabilities.

In the last year, the Company has received a number of design awards for pub development, including the Pontefract Civic Society Heritage Award (The Broken Bridge), the Malvern Civic Society Award (The Foley Arms), the Louth Civic Society Heritage Award (The Joseph Morton) and, most recently, Melksham in Bloom.

The Company is the largest single corporate fund-raiser for the CLIC Sargent charity (caring for children with cancer and their families), a partnership now in its ninth consecutive year, raising over £6 million to date, with a pledge to raise a further £1 million annually. During the past financial year, we have raised £1,409,139.

Environment

The environment
The Company encourages measures which promote recycling and reduced energy consumption. It is the Company's policy to:

- minimise the extent of the environmental impact, where reasonably practicable.
- conserve energy through minimising consumption and maximising efficiency.
- promote efficient purchasing which will both minimise waste and allow materials to be recycled.
- adopt efficient waste-management strategies which reduce the amount of waste going to landfill or other disposal sites.
- seek to minimise any emissions or effluents which may cause environmental damage.

Over the past 12 months, the Company has complemented its policy with several initiatives, including areas around energy-efficiency, recycling, ethical working and health and safety.

Energy-efficiency
The Company recognises that energy consumption is unavoidable, but understands that we have a responsibility for those resources which we use and that good environmental management is an essential part of being a responsible business.

In the last year, we have continued to work with Carbon Statement to measure each pub's carbon footprint. Carbon Statement produces a weekly carbon-emission report for each pub, detailing the amount of carbon dioxide (CO_2) emitted by each pub, through energy usage and waste disposal, as well as the CO_2 emission reduction through recycling. Carbon Statement has also assisted us in ensuring that we comply with the government's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, which started in April 2010.

The Company also aims to ensure that, when new pubs are developed or current ones upgraded, equipment and processes are introduced to minimise ongoing energy consumption.

Sustainability – reduce, reuse, recycle
The Company aims to reduce the amount of waste going to landfill and other disposal sites, through a combination of packaging reduction, reusing packaging and the recycling of waste products.

Reduce
The Company continues to work with suppliers, to reduce packaging materials brought into the pubs. This leads to fewer deliveries and reduces the required number of road miles.

Reuse
Where possible, unwanted equipment is transferred among pubs by our distribution fleet, so that it can be used elsewhere.

Recycle
The Company has a dedicated supply chain for its food, bottled drinks and non-consumable products, so that material can be returned to the Company's recycling operation, reducing the required number of road miles.

During the financial year 2011/12, the Company recycled 7,775 tonnes of waste at its distribution centre, an increase of 4% on the previous year. This included 56 tonnes of aluminium, 4,857 tonnes of cardboard and paper, 2,363 tonnes of cooking oil, 315 tonnes of plastic and 184 tonnes of steel.

Glass-recycling continues to be a major focus. During the financial year, we recycled 11,800 tonnes of glass, in partnership with BIFFA and other operators, a glass-recycling rate of 75%. We aim to increase this recycling rate to at least 90%, by other initiatives, such as glass-crushers and improved waste segregation.

In 2010, the Company was awarded 'Recycling Performance of the Year' from the Chartered Institute of Waste Management (CIWM), in recognition of excellent waste-minimisation progress achieved to date. In 2011, the national distribution centre was awarded the DHL Food Retail Environmental Award for initiatives in reducing carbon emissions across the operation.

Su Cacioppo
Personnel and Legal Director
14 September 2012

DIRECTORS, OFFICERS AND ADVISERS

Tim Martin Chairman, aged 57

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

John Hutson Chief Executive Officer, aged 47

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

Kirk Davis Finance Director and Company Secretary, aged 41

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

Su Cacioppo Personnel and Legal Director, aged 45

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

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

Elizabeth McMeikan Non-Executive Director, aged 50

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

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

Debra van Gene Non-Executive Director, aged 57

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

Sir Richard Beckett Non-Executive Director, aged 68

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

Mark Reckitt Non-Executive Director, aged 54

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

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

David Capstick IT and Property Director, aged 51

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

Martin Geoghegan Operations Director, aged 43

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

Paul Hine Director of Purchasing and Logistics, aged 40

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

Miles Slade Deputy Operations Director, aged 31

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

Registered office
Wetherspoon House
Central Park
Reeds Crescent
Watford
WD24 4QL

Company number
1709784

Registrars
Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 7NH

Independent auditors
PricewaterhouseCoopers LLP
Chartered accountants and
statutory auditors
1 Embankment Place
London
WC2N 6RH

Solicitors
Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Bankers
Abbey National Treasury Services plc
Bank of Tokyo-Mitsubishi UFJ
Barclays Bank plc
BNP Paribas
Crédit Industriel et Commercial
HSBC Bank plc
Lloyds TSB Bank plc
Scotiabank Europe plc
Svenska Handelsbanken AB
The Co-operative Banking Group
The Royal Bank of Scotland plc

Financial advisers
Investec Securities

Stockbrokers
Investec Securities

The directors present their report and audited accounts for the 53 weeks ended 29 July 2012.

Principal activities, business review and future developments

The principal activities of the Company are the development and management of public houses. Details of progress and future developments are given on pages 3 to 5.

Results and dividends

The profit on ordinary activities for the year, after taxation, was £44,567,000 or 35.6p per share.

The board proposes, subject to shareholders' consent, to pay a final dividend of 8.0p per share, on 29 November 2012, to those shareholders on the register on 26 October 2012, giving a total dividend for the year of 12.0p per share.

Return of capital

During the year to 29 July 2012, the Company purchased 5,602,174 of its own shares with a nominal value of £112,000, for £22.6 million (£22.7 million including stamp duty). This represented 4.3% of the issued share capital of the Company as at 29 July 2012.

Land

In the opinion of the directors, the difference between the market value and book value of land is not of such significance as to require the attention of the members of the Company to be drawn to the difference.

Principal risks and uncertainties

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

Financial and non-financial key performance indicators (KPIs)

A review of the business, using financial and non-financial KPIs, has been included in the chairman's statement, operating and finance review on pages 3 to 5.

Significant contractual or other arrangements

The Company has a number of major suppliers and operates a central distribution centre. All of the major suppliers, except one, have worked with the Company for over five years, and the directors believe that the basis of these relationships is stable.

Directors

The directors listed on page 46, other than Mark Reckitt, served throughout the financial year and up to the date of signing the financial statements. Mr Reckitt was appointed as a non-executive director on 1 May 2012 and served from that date until the end of the financial year and up to the date of signing the financial statements.

In accordance with the Company's articles of association: (i) Mark Reckitt, who was appointed to the board after the last annual general meeting, is required to retire and (ii) following updated guidance in the UK Corporate Governance Code, all of the directors of the Company are to be subject to election by shareholders every year. Accordingly, all members of the board will retire and seek re-election at this year's annual general meeting.

Details of the terms under which the directors, who were in office during the year, serve and their remuneration, together with their interests in the shares of the Company, are given in the directors' remuneration report on pages 52 to 57.

All appointments to the board are recommended by the nomination committee and are made in accordance with the provisions of the articles of association.

Third-party indemnity insurance to cover against any liabilities of directors and officers of the Company, in respect of their duties as directors and officers of the Company, was in place throughout the year and at the date of approval of the financial statements.

Interest in contracts

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

Company's shareholders

Details of the Company's shareholders, including those beneficial interests notified to the Company as accounting for over 3% of the issued share capital of the Company, are given on page 63.

Takeover directive disclosures

The Company has an authorised share capital comprising 500 million ordinary shares of 2p each. As at 29 July 2012, the total issued share capital comprised 126,036,296 fully paid-up shares of 2p each. The rights to these shares are set out in the Company's articles of association. There are no restrictions on the transfer of these shares or their attached voting rights.

Details of significant shareholdings are given on page 63.

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

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

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

The Company has the power to issue and buy back shares as a result of resolutions passed at the annual general meeting in 2011. It is the Company's intention to renew these powers; the resolutions approving them are found in the notice of the annual general meeting for 2012.

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

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

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

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates which are reasonable and prudent.
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the Company will continue in business.

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

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

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

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

Directors' indemnities

The Company maintains directors and officers' liability insurance which gives appropriate cover for any legal action brought against its directors.

Going concern

The directors have made enquiries into the adequacy of the Company's financial resources, through a review of the Company's budget and medium-term financial plan, including capital expenditure plans and cash flow forecasts; they have satisfied themselves that the Company will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going-concern basis, in preparing the Company's financial statements.

Employment policies
All staff are encouraged to make a real commitment to the Company's success and to progress to a more senior role as they, themselves, develop.

In selecting, training and promoting staff, the Company has to take account of the physically demanding nature of much of its work. The Company is committed to equality of opportunity and to the elimination of discrimination in employment. The Company aims to create and maintain a working environment, terms and conditions of employment and personnel and management practices which ensure that no individual receives less favourable treatment on the grounds of his or her race, religion, nationality, ethnic origin, age, disability, gender, sexual orientation or marital status. Employees who become disabled will be retained, where possible, and retrained, where necessary.

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

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

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

Policy on payment of suppliers
The Company agrees on terms and conditions with all suppliers before business takes place and has a policy of paying agreed invoices in accordance with the terms of payment. Trade creditors at the year end represented 58 (2011: 56) days' purchases.

Political and charitable contributions
The Company supports CLIC Sargent (caring for children with cancer and their families) and has helped to raise £1,409,139 in the current year. It also provides advice and marketing support to the charity, at no cost. The Company has not made any political or charitable donations in the year.

Events after the reporting period
The details of events after the reporting period can be found in note 27 on page 30.

Business at the annual general meeting
On pages 65 to 67 is a notice convening the annual general meeting of the Company for 8 November 2012, at which shareholders will be asked, as items of special business, to give power to the directors to allot shares, to give power to the directors to disapply the pre-emption requirements of section 561 of the Companies Act 2006, to give power to the directors to make market purchases of ordinary shares in the capital of the Company, subject to certain conditions, and to retain the ability to hold general meetings on 14 clear days' notice. The notice also sets out details of the ordinary business to be conducted at the annual general meeting. Set out below is an explanation of the effect and purpose of the resolutions proposed.

Resolution 1: Receive and adopt the audited accounts
The directors recommend that the Company adopt the reports of the directors and the auditors and the audited accounts of the Company for the year ended 29 July 2012.

Resolution 2: Approval of the directors' remuneration report
Resolution 2 in the notice of annual general meeting, which will be proposed as an ordinary resolution, asks shareholders to approve the directors' remuneration report, set out on pages 52 to 57.

Resolution 3: Declaration of a final dividend
The Company paid an interim dividend of 4.0p per share on 23 May 2012. The directors recommend a final dividend of 8.0p per share, bringing the total dividend for the year to 12.0p per share. Subject to final approval by shareholders, the final dividend will be paid to shareholders who are on the register at close of business on 26 October 2012.

Resolutions 4–10: Re-election of Mr Martin, Mr Hutson, Mr Davis, Ms Cacioppo, Ms van Gene, Ms McMeikan and Sir Richard Beckett as directors
The Company's articles of association require one-third of the directors to retire from office at each annual general meeting. In addition, any director who has, at the annual general meeting, been in office for more than three years since his or her last appointment or reappointment should also retire and may offer himself or herself for re-election.

However, the UK Corporate Governance Code now provides that all directors of FTSE 350 companies should be subject to annual election by shareholders. Accordingly, all members of the board will retire and seek re-election at this year's annual general meeting.

Brief biographical details of each of the directors standing for re-election may be found on page 46 and on the Company's Web site. The re-election resolutions are set out as resolutions 4, 5, 6, 7, 8, 9 and 10 in the notice of annual general meeting.

Mr Martin, Mr Hutson, Mr Davis, Ms Cacioppo, Ms van Gene, Ms McMeikan and Sir Richard Beckett all have extensive experience of the Company or in business generally, allowing them, subject to their re-election to the board, to contribute to the Company's development. The chairman confirms that the performance of each of the directors has been evaluated and that each of the directors' performance continues to be effective and demonstrates commitment to his or her respective role, including time commitments for board and committee meetings. The board is therefore of the opinion that Mr Martin, Mr Hutson, Mr Davis, Ms Cacioppo, Ms van Gene, Ms McMeikan and Sir Richard Beckett should be re-elected at the annual general meeting.

Resolution 11: Election of Mr Mark Reckitt as director
Mr Reckitt was appointed as a new director of the Company on 1 May 2012. Under the Company's articles of association, when the board appoints a new director, that director must stand for election at the next annual general meeting. Mr Reckitt will therefore stand for election at this year's annual general meeting.

Brief biographical details of Mr Reckitt can be found on page 46 and on the Company's Web site. The election resolution will be proposed as an ordinary resolution and is set out as resolution 11 in the notice of annual general meeting.

Mr Reckitt has extensive experience of business generally, allowing him, subject to his election to the board, to contribute to the Company's development. The board is therefore of the opinion that Mr Reckitt should be elected at the annual general meeting.

Resolution 12: Reappointment of PricewaterhouseCoopers LLP as auditors
Resolution 12, set out in the notice of annual general meeting, proposes that PricewaterhouseCoopers LLP be reappointed as the Company's auditors and authorises the directors to determine their remuneration.

Resolution 13: Authority to allot
The Companies Act 2006 prevents directors of a public company from allotting unissued shares, other than pursuant to an employee share scheme, without the authority of shareholders in a general meeting. In certain circumstances, this could be unduly restrictive. The general authority previously given to the directors to allot 'relevant securities' will expire at the end of the annual general meeting convened for 8 November 2012.

Accordingly, resolution 13, set out in the notice of annual general meeting, will be proposed as an ordinary resolution to authorise the directors (pursuant to section 551 of the Companies Act 2006) to allot ordinary shares in the capital of the Company:

(A) up to an aggregate nominal amount of £839,402, representing approximately 33.3% of the nominal value of the ordinary shares currently in issue.

(B) up to a further aggregate nominal amount of £839,402, representing approximately 33.3% of the nominal value of the ordinary shares currently in issue, provided that they are offered by way of a rights issue in favour of ordinary shareholders.

The authority (unless previously varied, revoked or renewed) will expire on the earlier of 15 months from the date of passing the resolution and the conclusion of the next annual general meeting of the Company.

The Association of British Insurers (ABI) revised its guidelines on share allotments, in 2010, following a report of the Rights Issue Review Group. Based on the guidelines, the limit on the directors' authority to allot shares under section 551 of the Companies Act 2006 may be increased from one-third to two-thirds of the Company's issued share capital. The guidelines provide that the amount of any authority above one-third must be applied to fully pre-emptive rights issues only and should be valid for one year only. If the Company makes an allotment pursuant to such additional authority, the ABI will expect that all directors will stand for re-election at the next annual general meeting following the decision to make the allotment in question.

The directors will exercise such authority to allot shares only when satisfied that it is in the interests of the Company to do so. They have no present intention of exercising the authority.

Resolution 14: Disapplication of pre-emption rights
The provisions of section 561 of the Companies Act 2006 (which confer on shareholders rights of pre-emption in respect of the allotment of 'equity securities' which are, or are to be, paid up in cash, other than by way of allotment to employees under an employee share scheme) apply to the unissued ordinary shares of the Company to the extent that they are not disapplied, pursuant to sections 570 and 573 of the Companies Act 2006.

The current disapplication of these statutory pre-emption rights will expire at the end of the annual general meeting convened for 8 November 2012. Accordingly, resolution 14, as set out in the notice of annual general meeting, will be proposed as a special resolution to permit directors to allot shares without the application of these statutory pre-emption rights: first, in relation to offers of equity securities by way of rights issue, open offer or similar arrangements (save that, in the case of an allotment pursuant to the authority in paragraph (B) of resolution 14, such allotment shall be by way of rights issue only); second, in relation to the allotment of equity securities for cash, up to a maximum aggregate nominal amount of £126,036 (representing approximately 5% of the nominal value of the ordinary shares of the Company currently in issue).

The authority (unless previously varied, revoked or renewed) will expire on the earlier of 15 months from the date of passing the resolution and the conclusion of the next annual general meeting of the Company.

Resolution 15: Purchase of ordinary shares

In common with many other listed companies, the Company proposes, once again, to seek an authority from shareholders to permit it to purchase its own shares. Accordingly, resolution 15 will be proposed as a special resolution to authorise the Company to make market purchases of up to 18,892,841 shares, just under 15% of the Company's current issued ordinary share capital, at prices not less than the nominal value of an ordinary share and not exceeding 105% of the average of the middle-market quotations for an ordinary share for the five business days before each purchase (exclusive of expenses). The authority will last until the earlier of 15 months from the date of passing the resolution and the conclusion of the next annual general meeting of the Company.

The directors envisage that purchases would be made only after considering the effects on earnings per share and the benefits for shareholders generally.

Resolution 16: 14 days' notice for general meetings

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 clear days, unless shareholders approve a shorter notice period, which cannot, however, be fewer than 14 clear days. Resolution 16 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on under 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Annual general meetings will continue to be held on at least 21 clear days' notice.

Recommendation

The directors believe that the resolutions which are to be proposed at the annual general meeting are in the best interests of the Company and its shareholders as a whole and recommend all shareholders to vote in favour of them, as each of the directors intends to do, in respect of his or her own beneficial holding.

By order of the board

Kirk Davis
Company Secretary
14 September 2012

This report has been drawn up in accordance with, among other things, the UK Corporate Governance Code 2010. This report will be put to an advisory vote of the Company's shareholders at the annual general meeting on 8 November 2012.

Composition and role of the remuneration committee
The remuneration committee is appointed by the board and comprises Debra van Gene (chair), Elizabeth McMeikan, Sir Richard Beckett and Mark Reckitt.

The committee meets throughout the year and performs an annual review, covering elements of executive directors' remuneration. In addition, it approves all contractual and other compensation arrangements for the executive directors. The committee approves annual performance-related payments (whether in shares or cash) for executive directors. In the year ended 29 July 2012, the committee met eight times.

No member of the committee has any personal financial interest, other than as a shareholder, in the matters to be decided by the committee. None of the executive directors attended a meeting on matters relating to his or her own remuneration.

Remuneration policy
The aim of the Company's remuneration policy is to:

- provide those packages required to attract, retain and motivate directors and senior executives of high quality.
- align directors and senior executives' long-term interests with those of shareholders.
- incentivise directors and senior executives to perform to a high level.

In fixing remuneration, we take account of the leisure industry and also the remuneration structure throughout the organisation. For example, the Company awarded bonuses and shares for employees of £24.1 million in the year, 98.5% of which were made to employees below board level. This amount is included in total wages and salaries in note 4 to these financial statements.

Overall reward levels are subject to the discretion of the remuneration committee and depend partly on the achievement of corporate performance targets and partly on the performance of the individual. The Company measures the performance of the executive directors in respect of several main areas, including:

- Annual growth in profits before tax
- Annual growth in owners' earnings (cash profits) per share
- Standards of service and amenities in the pubs
- The number and quality of pub calls carried out by each executive director

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

Salary
Salaries and other benefits are determined annually in the autumn. The remuneration committee aims to take a fair and commonsense approach, following a review of the individual's performance and by reference to the industry and consideration of other comparisons and reports. The review in September 2011 concluded that, at executive board level, there would be an increase of 5–14% in base salary for executive directors, taking into account the restructuring of the board and reflecting individuals' increased responsibilities, workload and personal performance in the year.

Annual performance-related payments
It is the policy of the Company to operate bonus arrangements, at all staff levels, which are performance related, the primary performance measures being sales, profitability and operating standards. The executive directors participate in a management bonus scheme, designed to incentivise business performance.

The financial targets are based on annual growth in profits before tax, excluding exceptional items, which is multiplied by a factor of 1.5 to arrive at the level of bonus. This bonus is paid in cash after the end of the financial year to which it relates. The maximum bonus attainable represents 50% of salary for the year.

Annual profits before tax, excluding exceptional items, in the year ended 29 July 2012, increased by 8%. Accordingly, executive directors received 12% of their salary as a cash bonus based on profitability, plus 5% for performance against key service standards.

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

Pension provision
The Company makes contributions to personal pension schemes on behalf of all staff who opt to participate in these schemes, including executive directors and senior executives. It does not operate any defined benefit pension schemes.

Share schemes

Company employees at all levels, with at least 18 months' service are entitled to receive shares under the Share Incentive Plan, while executive directors also receive bonuses in shares under the 2005 Deferred Bonus Scheme, as described below.

Share Incentive Plan
The Company's policy on share incentives is to distribute them widely across the Company's pub staff and head-office employees. In the year to 29 July 2012, £5.8 million was awarded in shares, 96% of which were made to employees below board level. In this way, the Company seeks to encourage and motivate employees involved at all levels of the Company, including bar and kitchen staff, giving all an opportunity to share in the wealth which they are helping to create.

The Company established a share incentive plan (incorporating an HM Revenue & Customs-approved element) in August 2003. This approved plan is an 'all-employee plan', providing all employees, including executive directors, usually those who have worked with the Company for at least 18 months, with bonuses in the form of shares in the Company equivalent to 5% of their salary each year.

Shares will not vest for at least three years under this plan. The HMRC-approved element of this plan allows for tax-free returns, if held for over five years, thus providing a long-term incentive for employees. The cost of the shares will be reflected in the Company's income statement for those financial years over the period in which they vest.

The Company offers extra SIPs under this scheme to all higher grades of employee who have been with the company for at least 18 months. Pub managers receive an extra 5% annual award, head-office staff 10–15% and senior managers and directors, including executive board directors, 20%. Extra SIPs do not qualify for the same tax benefits as those under the approved scheme.

In addition to the above, in November 2009, the Company commenced offering partnership shares under the Share Incentive Plan. The scheme allows all employees (including directors) to use their pre-tax salary to buy shares in the Company, monthly, using up to 10% (with a maximum of £1,500 a year) of their pre-tax pay. The shares will not vest for at least three years and, if held for over five years, allow for tax-free returns.

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

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

Under the scheme, bonus awards are based on the increase in owners' earnings (cash profits) per share, over the previous financial year. Participants are entitled to an amount up to 3% of their annual base salary for every 1% increase in owners' earnings per share. The Company believes that linking incentives to the growth in cash profits will align the interests of shareholders generally with executives in the Company. The maximum bonus to be earned under this scheme is 100% of annual salary.

Owners' earnings are calculated as follows:

Profit before tax (excluding unrealised exceptional items)

Add:	Depreciation and amortisation
Less:	Cash reinvestment in current properties
Less:	Cash tax
Equals:	Owners' earnings

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

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

In the year ended 29 July 2012, owners' earnings per share increased by 13%; therefore executive directors received bonus shares under this scheme with a value equal to 39% of salary.

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

Chairman and directors' service contracts
The executive directors are employed on rolling contracts, requiring the Company to give up to one year's notice of termination, while the director may give six months' notice. In the event of termination of employment with the Company, without the requisite period of notice, executive directors' service contracts provide for the payment of a sum equivalent to the net value of salary and benefits to which the executive would have been entitled during the notice period. The executive is required to mitigate his or her loss, and such mitigation may be taken into account in any payment made. The Company's policies on the duration of directors' service contracts, notice periods and termination payments are all in accordance with best industry practice.

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

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

Non-executive directors
The non-executive directors hold their positions, pursuant to letters of appointment dated 1 November 2011, with a term of 12 months.

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

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

Directors' remuneration
Audited information:
The table below shows a breakdown of the various elements of directors' remuneration for the year ended 29 July 2012.

	Salary/fees	Performance bonus – cash	Taxable benefits	Taxable allowances	**Sub-total**	Pension contributions	Share Incentive Plan – shares	Performance bonus – 2005 Deferred Bonus Scheme – shares	**Total 2012 £000**	Total 2011 £000
Chairman										
T R Martin	324	–	27	–	**351**	–	–	–	**351**	375
Executive directors										
J Hutson	434	73	1	15	**523**	50	105	169	**847**	628
K Davis	201	34	1	13	**249**	24	49	78	**400**	117
S Cacioppo	225	38	1	13	**277**	27	52	88	**444**	304
Non-executive directors										
E McMeikan	38	–	–	–	**38**	–	–	–	**38**	37
D van Gene	40	–	–	–	**40**	–	–	–	**40**	39
R Beckett	38	–	–	–	**38**	–	–	–	**38**	37
M Reckitt	10	–	–	–	**10**	–	–	–	**10**	–
J Herring (1)	18	–	–	–	**18**	–	–	–	**18**	67
Total	**1,328**	**145**	**30**	**41**	**1,544**	**101**	**206**	**335**	**2,186**	**–**
2011	1,302	115	30	31	1,478	95	200	–	–	1,773

Taxable benefits include the provision of a Company car allowance and health cover. Directors may opt for a taxable allowance, in lieu of a Company car, shown above under taxable allowances.

The Company's Share Incentive Plan and 2005 Deferred Bonus Scheme (described on page 53) include the full-year value of bonuses paid in shares, subject to forfeiture on cessation of employment, in certain circumstances. These shares are also included in each relevant director's interest shown in the table below.

The amount included with respect to the Share Incentive Plan reflects the value of the shares issued to the directors during the year.

The pension contributions are made in respect of defined contribution pension arrangements.

(1) John Herring, as previously reported, retired from the board at the AGM on 3 November 2011.

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

The interests of the directors in the shares of the Company, as at 29 July 2012, were as follows:

Ordinary shares of 2p each, held beneficially	**2012**	2011
T R Martin	**33,472,473**	32,815,473
J Hutson	**38,556**	34,801
J Hutson – Share Incentive Plan	**74,904**	76,116
J Hutson – 2005 Deferred Bonus Scheme	**–**	8,375
K Davis	**1,654**	–
K Davis – Share Incentive Plan	**26,340**	17,790
K Davis – 2005 Deferred Bonus Scheme	**–**	2,526
S Cacioppo	**44,532**	36,809
S Cacioppo – Share Incentive Plan	**38,713**	37,836
S Cacioppo – 2005 Deferred Bonus Scheme	**–**	3,973
E McMeikan	**1,000**	1,000
D van Gene	**1,000**	1,000
R Beckett	**2,000**	2,000
M Reckitt	**2,000**	–

There have been no changes to these interests since 29 July 2012.

Share Incentive Plan – audited information

In addition to the interests in shares disclosed above, the following awards have been made of shares, during the year, under the Share Incentive Plan:

Name	Award date	Shares held in trust at 24 July 2011	Granted in the year	Vested in the year	Shares remaining in trust at 29 July 2012
John Hutson	26/03/04	990			990
	08/10/04	1,214			1,214
	30/09/05	1,022			1,022
	29/09/06	590			590
	17/09/07	518			518
	17/09/08	16,188		15,124	1,064
	31/03/09	12,180		12,180	–
	24/09/09	10,085			10,085
	31/03/10	9,557			9,557
	23/09/10	11,658			11,658
	31/03/11	11,764			11,764
	30/03/12		25,729		25,729
	Partnership shares*	350	363		713
Kirk Davis	31/03/09	3,384		3,384	–
	24/09/09	3,277			3,277
	31/03/10	3,225			3,225
	23/09/10	3,934			3,934
	31/03/11	3,970			3,970
	30/03/12		11,934		11,934
Su Cacioppo	26/03/04	881			881
	08/10/04	598			598
	30/03/05	594			594
	30/09/05	926			926
	31/03/06	75			75
	29/09/06	590			590
	17/09/07	518			518
	17/09/08	7,432		6,368	1,064
	31/03/09	5,768		5,768	–
	24/09/09	4,790			4,790
	31/03/10	4,539			4,539
	23/09/10	5,537			5,537
	31/03/11	5,588			5,588
	30/03/12		12,713		12,713
	Partnership shares**		300		300

The market price of the shares awarded on 30 March 2012 was 408.8p.

The market price of shares which vested on 20 September 2011 was 398.3p.
The market price of shares which vested on 2 April 2012 was 411.0p.

*John Hutson is a participant in the Partnership Share scheme and acquired 363 shares between August 2011 and July 2012. The market price of the shares awarded ranged from 378.7p to 444.2p.

**Su Cacioppo is a participant in the Partnership Share scheme and acquired 300 shares between October 2011 and July 2012. The market price of the shares awarded ranged from 378.7p to 444.2p.

'Vested in the year' indicates the transfer of the beneficial ownership of the shares from the trust to the director.

During the year, the executive directors received shares which vested under the Share Incentive Plan. The value of the shares, calculated on the mid-market price on the date of the award maturity, was £173,123.

2005 Deferred Bonus Scheme
The first award of shares under the 2005 Deferred Bonus Scheme was made in September 2006. As set out on page 53, one-third of the total award vests immediately, with the other two-thirds vesting over the following two years.

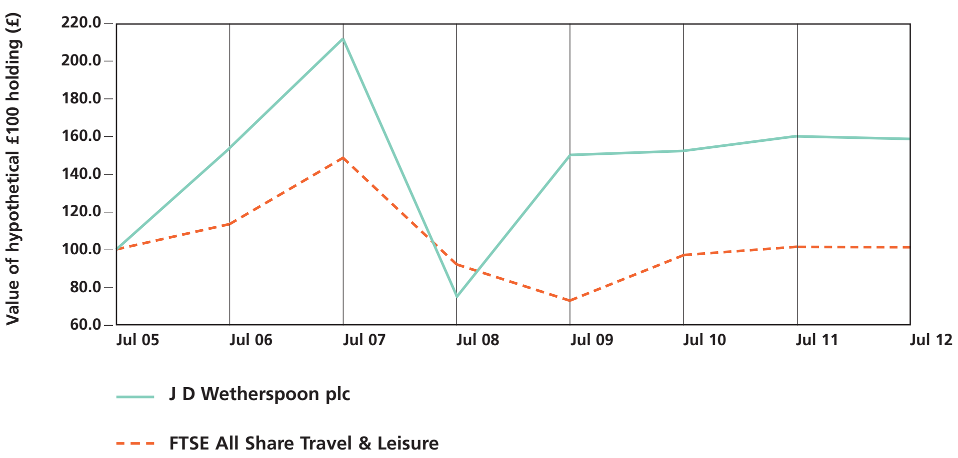
The overall position is as follows:

September 2009 Award – Tranche 3

	Total awarded	Previously vested	Vested	Sold	Shares retained	Remaining in trust	Date sold	Market price at sale date
J Hutson	25,121	16,746	8,375	8,375	–	–	17/09/2011	396.4p
K Davis	7,576	5,050	2,526	1,314	1,212	–	17/09/2011	396.4p
S Cacioppo	11,915	7,942	3,973	2,066	1,907	–	17/09/2011	396.4p

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

Growth in the value of a hypothetical £100 holding since July 2005, based on 30-trading-day average values



On behalf of the board:
Debra van Gene
Chair of the remuneration committee

14 September 2012

CORPORATE GOVERNANCE

Introduction
The Company's established governance framework is overseen by the board of directors, which is ultimately answerable to the Company's shareholders.

Statement of compliance
The Company is committed to high standards of corporate governance, as set out in the UK Corporate Governance Code 2010 (the 'Code'). The board believes that the Company has been compliant throughout the 53 weeks ended 29 July 2012, except that, since 3 November 2011, when John Herring retired from his position, the Company has not had a senior independent director. We have since appointed a new non-executive director and will review the requirement for a senior independent director.

A full version of the Code is available on the official Web site of the Financial Reporting Council (www.frc.org.uk).

The board of directors
The primary responsibility of the board is to ensure that the Company's strategy is appropriate and implemented effectively. Those matters reserved for the board and the authorities delegated to management are contained in the 'matters reserved for the board' schedule, as well as in the various policies covering such matters as treasury management, capital expenditure approvals, legal matters, internal audit and risk management.

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

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

Biographies of all non-executive and executive directors are provided on page 46 and can be viewed on the Company's Web site: www.jdwetherspoon.co.uk

On appointment to the board, every director is provided with an induction programme, including aspects of the Company's day-to-day operations. Regular discussions and meetings take place regarding the performance of the board – and the performance of individual executive directors is discussed regularly by the chairman and the non-executive directors. Site visits are arranged regularly to enable non-executive directors to see the operations of the business, at first hand.

All directors are provided with comprehensive papers, in advance of all board meetings, and attend key meetings regularly in the organisation. In addition, directors attend impromptu meetings with senior managers in the business.

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

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

All directors are provided with, and have full and timely access to, information which enables them to make informed decisions on corporate and business issues, including operational and financial performance. In particular, the board receives monthly information on the financial trading performance of the Company and a comprehensive finance report, including operational highlights.

The articles of association require that one-third of the directors retire by rotation, subject to the requirement that each director seek re-election every three years. However, in line with the Code, all of the directors of the Company are to be subject to election by shareholders every year. Accordingly, all members of the board (and not just those required to do so by the Company's articles of association) will retire and seek re-election at this year's annual general meeting.

During the year ended 29 July 2012, non-executive directors met without the chairman and provided feedback to the chairman following their meetings. The overall effectiveness of the board was the primary topic, although succession-planning and the provision of information to the board were also discussed. The directors concluded that the board and its committees continue to work effectively.

In accordance with the Code and corporate governance best practice, the board has several established committees as set out below. The board met eight times during the year ended 29 July 2012; attendance of the directors and non-executives, where appropriate, is shown below.

Number of meetings held in the year	Board 8	Audit 4	Remuneration 8	Nomination 6
Tim Martin	7	N/A	3	2
John Hutson	8	N/A	N/A	N/A
Kirk Davis*	8	4	N/A	N/A
Su Cacioppo*	8	4	N/A	N/A
Elizabeth McMeikan	7	4	7	6
Debra van Gene	7	4	8	5
Sir Richard Beckett	8	4	7	6
Mark Reckitt**	1	1	2	–
John Herring**	2	1	2	N/A

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

**John Herring retired from the Company in November 2011, while Mark Reckitt joined in May 2012.

Matters reserved for the board

The following matters are reserved for the board:

- Board and management
  - Structure and senior management responsibilities
  - Nomination of directors
  - Appointment and removal of chairman and company secretary
- Strategic matters
  - Strategic, financing or adoption of new business plans, in respect of any material aspect of the Company
- Business control
  - Agreement of code of ethics and business practice
  - Internal audit
  - Authority limits for heads of department
- Operating budgets
  - The entry into finance leases
  - Approval of a budget for investments and capital projects
  - Changes in major supply contracts
- Finance
  - Raising new capital and confirmation of major facilities
  - Specific risk-management policies, including insurance, hedging and borrowing limits
  - Final approval of annual and interim accounts and accounting policies
  - Appointment of external auditors
- Legal matters
  - Consideration of regular reports on material issues relating to any litigation affecting the Company
  - Institution of legal proceedings, where costs exceed certain values
- Secretarial
  - Call of all shareholder meetings
  - Delegation of board powers
  - Disclosure of directors' interests
- General
  - Board framework of executive remuneration and costs
  - Any other matters not within the terms of reference of any committee of the board
  - Any other matter as determined from time to time by the board

Board committees

Audit committee

The committee comprises Elizabeth McMeikan, Debra van Gene, Sir Richard Beckett and Mark Reckitt. Mark Reckitt has recent and relevant financial experience and is a qualified chartered accountant.

Representatives of the Company's external auditors, PricewaterhouseCoopers LLP, attend audit committee meetings.

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

- Assumes direct responsibility for the appointment, compensation, resignation, dismissal and overseeing of the independent external auditors, including review of the external audit, its cost and effectiveness
- Reviews the scope and nature of the work to be performed by the external auditors, before audit commences
- Reviews the half-year and annual financial statements
- Ensures compliance with accounting standards

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

The minutes of all meetings of the committee are circulated by the secretary of the committee to all members of the board. At the annual general meeting of the Company, representatives of the audit committee are available to answer questions on financial control and reporting.

The audit committee is aware of the Company's process regarding whistle-blowing and has reviewed its effectiveness.

During the year, the Company made limited use of specialist teams from PricewaterhouseCoopers LLP, relating to accounting and tax services. The fees paid to PricewaterhouseCoopers LLP for non-audit services were £93,000 (2011: £133,000). The use of PricewaterhouseCoopers LLP for non-audit work is monitored regularly, to achieve the necessary independence and objectivity of the auditors. Where the auditors provide non-audit services, their objectivity and independence are safeguarded by the use of different teams. See note 2 on page 10 for a breakdown of auditors' remuneration of audit and non-audit services.

Following a review by the audit committee, the board agreed, in September 2012, to recommend to shareholders, at the annual general meeting, the reappointment of the external auditors for a period of one year.

The audit committee assesses the ongoing effectiveness of the external auditors and audit process, on the basis of meetings and internal review with finance and other senior executives. In reviewing the independence of the external auditors, the audit committee considers several factors. These include the standing, experience and tenure of the external auditors, the nature and level of services provided and confirmation from the external auditors that they have complied with relevant UK independence standards.

The terms of reference of the audit committee are available on the Company's Web site.

Remuneration committee

The Company's remuneration committee is chaired by Debra van Gene and comprises Elizabeth McMeikan, Sir Richard Beckett and Mark Reckitt. The directors' report on remuneration is set out on pages 52 to 57.

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

Nomination committee

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

Company secretary

All directors have access to the advice of the company secretary, responsible to the board for ensuring that procedures are followed. The appointment and removal of the company secretary are reserved for consideration by the board as a whole. Procedures are in place for seeking independent professional advice, at the Company's expense.

Relations with shareholders

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

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

Risk management

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

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

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

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

The risk register is presented to the audit committee every six months, with a schedule of audit work agreed on, on a rolling basis. The purpose of this work is to review, on behalf of the Company and the board, those key risks and the systems of control necessary to manage such risks. The results of this work are reported back to relevant senior management and the audit committee. Where recommendations are made for changes in systems or processes to reduce risk, internal audit will follow up regularly to ensure that the recommendations are implemented.

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

Internal control

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

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

- Regular audits of the Company stock
- Unannounced visits to retail units
- Monitoring systems which control the Company's cash
- Health & safety visits, ensuring compliance with Company procedures
- Reviewing and assessing the impact of legislative and regulatory change
- Annually reviewing the Company's strategy
- Risk-management process, identifying key risks facing the business

The Company has key controls, as follows:

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

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

The Company maintains adequate directors and officers' insurance cover.

Kirk Davis
Company Secretary
14 September 2012

INFORMATION FOR SHAREHOLDERS

Ordinary shareholdings at 29 July 2012

Shares of 2p each	Number of shareholders	% of total shareholders	Number	% of total shares held
Up to 2,500	4,816	89.73	2,319,081	1.84
2,501–10,000	312	5.82	1,448,467	1.15
10,001–250,000	191	3.56	9,955,835	7.90
250,001–500,000	20	0.37	7,080,469	5.62
500,001–1,000,000	12	0.22	8,963,509	7.11
Over 1,000,000	16	0.30	96,268,935	76.38
	5,367	**100**	**126,036,296**	**100**

Substantial shareholdings
In addition to certain of the directors' shareholdings, set out on page 55, the Company has been notified of the following substantial holdings in its share capital at 14 September 2012.

	Number of ordinary shares	% of share capital
Sanderson Asset Management Ltd	19,404,121	15.40
Threadneedle	13,753,411	10.91
OppenheimerFunds Inc	7,500,000	5.95

Share prices

24 July 2011	434.5p
Low	366.9p
High	467.1p
29 July 2012	467.1p

Shareholders' enquiries
The Company's registrars, Computershare Investor Services plc, keep the Company's register of shareholders up to date, distribute statutory documents and administer the payment of dividends. If you have a query about your shareholding, please contact the registrars directly, either online or by telephone: 0870 707 1091

Computershare

Computershare's investor centre gives access to view your holdings online. To register, click on 'investor centre' on the Computershare home page and follow the instructions:
www.uk.computershare.com/investor

You will be able to:
- view all of your holding details for companies registered with Computershare.
- view the market value of your portfolio.
- update your contact address and personal details.
- access current and historical market prices.
- access trading graphs.
- add shareholdings to your portfolio.

Electronic communications

The Company has introduced innovative ways of communicating with shareholders electronically via eTree, an environmental incentive programme. We actively encourage you to play your part in reducing our impact on the environment, by choosing to be notified by e-mail when your communications are available online. Sign up to receive e-communications using eTree and we will donate £1 on your behalf to the Woodland Trust, the UK's leading woodland conservation charity, for its 'Tree for All' programme.

By providing your e-mail address, you will no longer receive paper copies of this annual report or any other shareholders' communications which are available electronically. Instead, you will receive e-mails advising you when and how to access online documents.

Please submit your e-mail address by visiting the eTree Web site: **www.etreeuk.com/jdwetherspoon**

Annual reports

If you do require further paper copies of this annual report, these are available from the company secretary, at the registered office. Telephone requests can be made: 01923 477777

This annual report is also available on the Company's Web site: www.jdwetherspoon.co.uk/investors

If you would like to contact us:

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

Telephone: 01923 477777

E-mail: investorqueries@jdwetherspoon.co.uk

NOTICE OF ANNUAL GENERAL MEETING

This information is important and requires your immediate attention.

If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares in J D Wetherspoon plc (the 'Company'), please forward this document and the accompanying documents to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice is hereby given that the annual general meeting of the Company will be held at The Crosse Keys, 9 Gracechurch Street, London, EC3V 0DR, on Thursday 8 November 2012, at 10am, for the following purposes:

Ordinary business
To resolve as ordinary resolutions:

1 To receive and adopt the reports of the directors and the auditors and the audited accounts of the Company for the year ended 29 July 2012.

2 To receive and approve the directors' remuneration report for the year ended 29 July 2012.

3 To declare a final dividend for the year ended 29 July 2012 of 8.0 pence per ordinary share of 2.0 pence each in the capital of the Company.

4 To re-elect Tim Martin as a director.

5 To re-elect John Hutson as a director.

6 To re-elect Kirk Davis as a director.

7 To re-elect Su Cacioppo as a director.

8 To re-elect Debra van Gene as a director.

9 To re-elect Elizabeth McMeikan as a director.

10 To re-elect Sir Richard Beckett as a director.

11 To elect Mark Reckitt as a director.

12 To reappoint PricewaterhouseCoopers LLP as the auditors of the Company and to authorise the directors to fix their remuneration.

Special business
To consider and, if thought fit, to pass the following resolutions; in the case of the resolution numbered 13 as an ordinary resolution and, in the case of the resolutions numbered 14, 15 and 16, as special resolutions.

13 THAT:
in place of all existing authorities, the directors be generally and unconditionally authorised, pursuant to section 551 of the Companies Act 2006 (the 'Act'), to exercise all the powers of the Company:

(A) to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Relevant Securities'), up to a maximum aggregate nominal amount of £839,402; and further

(B) to allot Relevant Securities comprising equity securities (within the meaning of section 560(1) of the Act) up to an aggregate nominal amount of £839,402 in connection with an offer by way of a rights issue in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares, but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange;

for a period expiring (unless previously revoked, varied or renewed) on the date which is 15 months from the date of the passing of this resolution or, if sooner, the end of the next annual general meeting of the Company, but the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted after this authority expires, and the directors may allot Relevant Securities in pursuance of such offer or agreement as if this authority had not expired.

14 THAT:
subject to the passing of resolution 13 above and in place of all existing powers, the directors be generally empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by resolution 13 as if section 561(1) of the Act did not apply to such allotment, provided that this power shall expire on the date which is 15 months from the date of the passing of this resolution or, if sooner, the end of the next annual general meeting of the Company. This power shall be limited to the allotment of equity securities:

(i) in connection with an offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement, save that, in the case of an allotment pursuant to the authority conferred by paragraph (B) of resolution 13, such offer shall be by way of rights issue only) in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares, but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(ii) otherwise than pursuant to sub-paragraph (i) above up to an aggregate nominal amount of £126,036, but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after this power expires, and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if, in the first paragraph of this resolution, the words 'pursuant to the authority conferred by resolution 13' were omitted.

15 THAT:
the Company be and is hereby authorised, pursuant to section 701 of the Act, to make market purchases (as defined by section 693(4) of the Act) of ordinary shares in the capital of the Company, on such terms and in such manner as the directors of the Company shall determine, subject to the following conditions:

(i) the maximum number of ordinary shares which may be purchased is 18,892,841.

(ii) the price at which ordinary shares may be purchased shall not exceed 105% of the average of the middle-market quotations for the ordinary shares (as derived from the Stock Exchange Daily Official List) for the five business days preceding the date of purchase and shall not be less than the nominal value, from time to time, of an ordinary share, in both cases exclusive of expenses.

(iii) this authority (unless previously revoked, varied or renewed) will expire at the earlier of 15 months from the date of passing of this resolution and the conclusion of the next annual general meeting of the Company, except that the Company may, before such authority expires, enter into a contract of purchase under which such purchase may be completed or executed wholly or partly after the expiry of the authority.

16 THAT:
general meetings (other than any annual general meeting) of the Company may be called on not less than 14 clear days' notice.

By order of the board

Kirk Davis
Company Secretary
14 September 2012

Registered office:

Wetherspoon House
Central Park
Reeds Crescent
Watford
WD24 4QL

Notes:

1 A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote, instead of him or her, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.

2 A form of proxy is enclosed which members are invited to complete and return in the envelope provided. Completion and return of the form of proxy, in accordance with the instructions on it, will not prevent such members from attending and voting at the annual general meeting in person, should they so wish.

3 To be valid for the annual general meeting, the form of proxy and the power of attorney or other authority (if any) under which it is executed or a notarised copy of such authority must be deposited at the offices of the Company's registrars, Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 7NH, or at the following electronic address www.eproxyappointment.com not later than 10am on 6 November 2012, being 48 hours before the time appointed for holding the annual general meeting.

4 Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a 'Nominated Person') may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the annual general meeting. If a Nominated Person has no such proxy appointment right or does not wish to

exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

5 The statement of the rights of members in relation to the appointment of proxies in notes 1, 2 and 3 above does not apply to Nominated Persons. The rights described in those notes can be exercised only by members of the Company.

6 Any corporation which is a member may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that they do not do so in relation to the same shares.

7 Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a Web site a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) which is to be laid before the annual general meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such Web site publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a Web site, under section 527 of the Act, it must forward the statement to the Company's auditors no later than the time when it makes the statement available on the Web site. The business which may be dealt with at the annual general meeting includes any statement which the Company has been required, under section 527 of the Act, to publish on a Web site.

8 A copy of this notice, and other information required by section 311A of the Act, can be found on the Company's Web site: www.jdwetherspoon.co.uk

9 Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting, but no answer to any such question need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a Web site in the form of an answer to a question or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

10 There are available for inspection at Macfarlanes LLP, 20 Cursitor Street, London, EC4A 1LT, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), and there will be available for inspection at the place of the annual general meeting from at least 15 minutes beforehand and until the conclusion of the annual general meeting, copies of the non-executive directors' letters of appointment to the Company.

11 Only those members registered on the register of members of the Company as at 10am on 6 November 2012 (or, in the case of any adjournment, 48 hours before the time of the adjourned meeting) shall be entitled to attend or vote at the annual general meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.

12 You may not use any electronic address provided in this notice of annual general meeting for communicating with the Company for any purposes other than those expressly stated.

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

01923 477777
www.jdwetherspoon.co.uk

Designed by WLG Design Limited
Printed by Banner Managed Communication
English language advice by www.future-perfect.co.uk