



At the heart of our community

Annual Report and Accounts 2021





At the heart of our community

Fuller's pubs and hotels have been at the heart of their communities for over 175 years and the coronavirus pandemic has brought the special place that pubs hold in the nation's heart to the fore. During the past year, our pubs and the amazing teams that work in them have fed key workers, looked after the homeless, run community stores and helped out at vaccine centres.

But communities are not just your local neighbourhood. Our team members are a community of their own, as are our customers, our suppliers and our shareholders. All are of equal importance and throughout this report we want to show you how we work with those communities.

Never has the enduring appeal of the great British pub been so strong and, across the Fuller's estate, we are looking forward to continuing to serve our communities for many years to come.

Financial and Operational Summary

- Resilient performance in an extraordinary year that started and ended with our entire pub estate closed, and with social distancing for 16 months to date
- Closure of the entire estate for average of 71% of the year due to Covid restrictions
- High customer demand while sites were open gives us confidence in our ability to rebound strongly as restrictions are eased
- Business remains firmly underpinned by our predominately freehold estate of iconic, high quality pubs and hotels
- Proactive £52 million[1] equity issue successfully completed in April 2021 to strengthen the Balance Sheet and ensure the Company exits the pandemic in the best possible position
- No full year dividend proposed in light of pandemic impact on trading performance, but intention to return to progressive dividend policy at the appropriate time.

1 Net of expenses.

Strategic Update

- Continued investment in our predominately freehold estate during periods of enforced closure to ensure we reopened in excellent condition, including 10 transformational refurbishment schemes and one new opening – The White Horse, Wembley
- Strong performance in our hotels and pubs with rooms, when restrictions permitted, benefiting from a strong boom in staycations
- Completed the integration of Cotswold Inns & Hotels, which has delivered immediate benefits
- Transitional Services Agreement with Asahi successfully completed
- Successful roll out of digital solutions such as *Order & Pay* and enhanced central booking system, improving the digital customer journey
- Streamlined teams both at house level and in our support centre ready to deliver future growth.

	FY 2021 £m	FY 2020 £m
Revenue and other income	**73.4**	319.7
EBITDA[1]	**(13.1)**	53.9
Group statutory (loss)/profit before tax	**(59.2)**	166.2
Basic (loss)/earnings per share[2]	**(87.31)p**	5.81p
Adjusted (loss)/profit before tax[3]	**(48.7)**	19.4
Net debt excluding lease liabilities[4]	**218.1**	178.9

All figures above are from continuing operations except for Group statutory (loss)/profit before tax which includes discontinued operations.

1 Earnings before separately disclosed items, interest, tax, depreciation and amortisation.
2 Per 40p 'A' or 'C' ordinary share.
3 Adjusted (loss)/profit before tax is the (loss)/profit before tax excluding separately disclosed items.
4 Net debt comprises cash and short-term deposits, bank overdraft, bank loans, CCFF, debenture stock and preference shares.

Chairman's Statement

I'm not sure that even the most robust of business continuity exercises could have prepared us, the industry or the country, for the year that we have just endured. Being Chairman of a closed hospitality business has been challenging throughout, frustrating most of the time, and yet often very rewarding due to the amazing team of people that work at Fuller's.

I am delighted to see the way Simon and the Executive Team have used this extraordinary period of enforced closure to review, plan and implement new ways of working, which has enabled the Company to emerge from the pandemic an even stronger business. The roll out of digital initiatives such as Order & Pay improve the experience for our customers and are developments that add value to the business.

Meanwhile, the investment we have made in providing stunning beer gardens and outside trading space has increased the number of covers in some of our most popular pubs and will make the alfresco experience more appealing for our customers throughout the whole year.

We have kept all our people at our heart during the last year – those in our pubs and hotels, the support centre team, and our Tenants – providing support in a wide variety of forms. I am proud of the actions the team have taken during the year from the decision to top up furlough payments to ensure everyone received 80% of their wages and the salary sacrifice made in the first lockdown by the Board and Executive Team, to the suspension of commercial rent for our Tenants.

Our People Team has provided access to emotional and financial support for team members who need it, and access to online training for those team members who wanted an additional stimulus during the long months of lockdown. Meanwhile Simon has provided regular video blogs to keep the entire team informed, up to date and, frequently, entertained while our team members and Tenants have played active roles in their communities providing meals for the homeless, working in vaccine centres and undertaking numerous volunteering opportunities.

During the year, we announced the departure of our Finance Director Adam Councell, who will be returning to the services sector later in the year.

"Fuller's is a company that has always prided itself on its long-term strategy and vision, and that continues to stand us in good stead and remains unchanged."

Equity raise net of expenses

£52m

Covid Corporate Financing Facility accessed

£100m

Adam has made an important and valued contribution to Fuller's during one of the most difficult chapters in its history and we thank him and wish him well in his new role. Post year end, we were delighted to announce that Neil Smith, a highly experienced Finance Director who has spent much of his career in the pub sector, will be joining us later in the year. Neil will be an excellent addition to Fuller's, the Executive Team and the Board and we look forward to welcoming him to the Fuller's family and working closely with him in the future.

Fuller's is a company that has always prided itself on its long-term strategy and vision, and that continues to stand us in good stead and remains unchanged. Our predominately freehold estate provides the base for our business and, while we may tweak the tactics in the short term to reflect ever-changing situations, we are excited about getting back on track to continue to deliver our long-term strategy and return to growth.

Trading with social distancing is like trading with one arm behind your back and, in light of the year we have just endured, we have had to take actions that are outside the norm. These include the equity raise undertaken at the start of the new financial year and the decision not to propose a dividend this year. I realise the latter is disappointing for our shareholders and I thank them for their ongoing understanding in these difficult times. The Board recognises the importance of dividends to our shareholders and hopes to resume dividend payments once the business is again trading profitably on a sustained basis.

I would like to thank all my colleagues at Fuller's for their loyalty and perseverance in the face of this unprecedented pandemic, and their enthusiasm to get back to their role of welcoming and entertaining our customers once again.

Michael Turner

MICHAEL TURNER
CHAIRMAN
8 July 2021

At the heart of our community

SUPPORTING OUR CUSTOMERS

Creating beautiful, future proof spaces so families and friends can reunite and relax

The various restrictions imposed during the year on our business have been difficult to negotiate for both our teams and our customers – but out of adversity comes innovation and adaptation. Gardens have become more important than ever and we've carried out a wide range of investments in our pub gardens and outside spaces during the year with gazebos, purpose built structures and jumberellas making these beautiful spaces even better – like this one at **The Mayfly in Stockbridge**. Going out and staying out has never been more enjoyable.


THE MAYFLY
ESTD CIRCA 1880

At a Glance

OUR PURPOSE:

Happy teams serving happy customers

OUR VISION:

We create exceptional experiences full of style and spirit – characterful pubs and hotels where everyone feels they belong… and where people leave happier than when they arrived

OUR VALUES:

1. Doing things the right way

- Deep pride and genuine enjoyment for the business we're in
- Integrity, quality, care and attention to detail in everything we do
- Total dedication and passion for everything we do
- Also about doing the right thing, not just doing things in the right way
- Bringing a positive 'can do' attitude to any challenge, always going above and beyond for our customers.

The Alice Lisle, Ringwood
The Fuller's family is a huge collection of smaller families – in each one of our pubs and hotels.

2. Being part of the family

- A 'family business', in the broadest sense
- Bringing a family ethos and feeling to how we work – one team pulling together, in each pub and hotel, and also together across Fuller's
- A warm sense of belonging – everyone together, including our customers
- Where every member of the family is valued for bringing something special
- Looking out for each other, in a warm environment built on trust and empowerment
- Supporting and respecting each other… and challenging when needed
- Taking the long-term view, not always about short-term gain.

The Antelope, Belgravia
Doing the right thing has never been more important and our teams have strived to ensure that we keep our customers – and ourselves – safe and secure with additional cleaning, face masks and lashings of sanitiser.

3. Celebrating individuality

- Nurturing the individuality, spirit and unique character of each person, pub and bedroom, because that's what makes us special
- Believing that it's the individuals who create a great experience… and make that experience come alive
- Embracing the freedom of thought, creativity and diverse personalities that make us who we are
- Where everyone can be who they are… and make a real difference.

4. Always asking *what's next?*

- Always asking *what's next?*... for our people, for our customers, for our pubs and hotels
- A restless passion to continuously improve, experiment and make things better
- Encouraging new ideas and creativity in our people
- Outward looking, in touch with our market and customers
- Always changing for the better, but never changing for change's sake
- Embracing the best from our past, thinking creatively about our future.

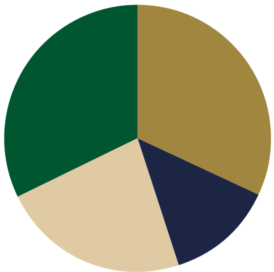
Number of employees at year end

3,764

The Swan, Cotswold Inns & Hotels
Our purchase of Cotswold Inns & Hotels included The Swan at Bibury, one of the area's true gems.

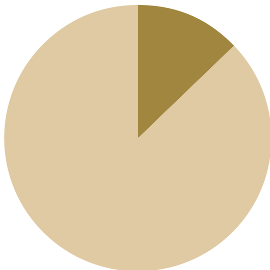
The Bear, Oxford
Well, we do encourage people to celebrate their individuality, as can be seen here at The Bear in Oxford – whoever the masked bear is, we promise the welcome will be friendly.

Managed Pubs and Tenanted Inns (%)



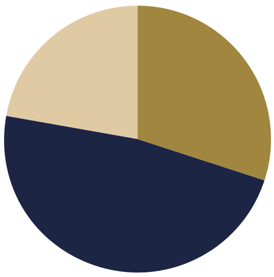
Fuller's Managed Pubs and Hotels within the M25	32%
Fuller's Tenanted Inns within the M25	13%
Fuller's Managed Pubs and Hotels outside the M25	23%
Fuller's Tenanted Inns outside the M25	32%

Revenue by division (%)



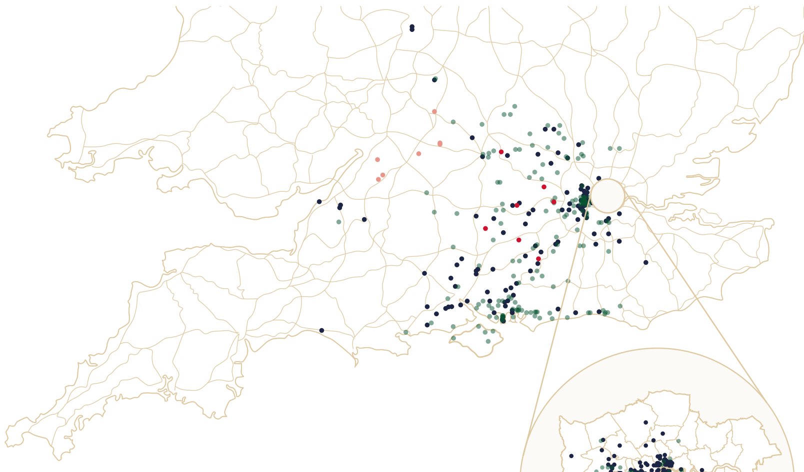
Fuller's Tenanted Inns	13%
Fuller's Managed Pubs and Hotels	87%

Analysis of Managed revenue – Rural/Suburban/Urban (%)



Rural	30%
Suburban	48%
Urban	22%

Our geographic reach throughout the South East



Managed	195
Bel & The Dragon	7
Cotswold Inns & Hotels	7
Tenanted	175

At the heart of our community

SUPPORTING OUR NEIGHBOURHOODS

Keeping doors open to serve and support the local community, and to provide more than just a place to eat and drink

When the Government closed pubs in March 2020, **The Red Lion, Ealing** decided to find a way to keep the doors open. Licensee Edin Basic, acutely aware of his role in the community and his reputation for great Italian food, decided to build on this with a community store, in the pub, majoring on outstanding Italian produce. With rosemary focaccias, freshly baked by Edin every morning, Parma ham, antipasti and a wide range of Italian cheeses, *la dolce vita* remained very much present in this quiet corner of West London.

Chief Executive's Review

As I write this, the country is still awaiting the start of the return to normality, and we look back on a year that started and ended with our entire pub estate closed. During the year, we have traded for the equivalent of just 29% of the financial year – and this is reflected in our fiscal performance with revenue[1] down 77% to £73.2 million (2020: £316.0 million).

Against this backdrop, I want to start this review of the year by paying tribute to the incredible team of people that work at Fuller's. From my Executive Team to all our team members in our pubs, hotels and support centre, and our Tenants, all have dealt with the ups and downs of the past year with positivity and optimism – filling their time during the many periods of furlough by working at vaccine centres, as delivery drivers, in food banks or serving and supporting their local communities. At various times, we have had 98% of the whole team furloughed and whenever we have been ready to open up again, they have been match fit and delivered a great Fuller's experience in the most challenging of circumstances. I would like to personally thank them all most whole-heartedly for their dedication, commitment and loyalty.

We have now reopened the entire estate, albeit with continued social distancing and table service restrictions, and have used the past year wisely – investing in our pubs and hotels, accelerating digital projects and rightsizing our teams. While it may have been an unusual year in terms of revenue, we have emerged in the best possible position operationally as the country stands ready to begin shaking off the spectre of coronavirus.

We started the year with a clear strategy, purpose and vision. While the pandemic may have altered the short-term tactical activity that delivers the strategy, the overarching principles are unchanged. This clear focus, aimed at delivering sustainable returns for the long term, is as relevant as ever and with our pubs and hotels reopened and trading again, we are optimistic about the future.

"Looking after our teams and Tenants has been a priority during the pandemic and communication has been at the heart of that."

Revenue and other income

£73.4m

Capital investment

£16.5m

Prudent approach to navigating the pandemic

During the year under review, we have accessed the various Government relief and coronavirus support measures available. For much of the year, we have had 98% of our team members on the Coronavirus Job Retention Scheme ("CJRS"), with the Company topping up all salaries to 80%. We also put in place £100 million of funding through the Covid Corporate Financing Facility ("CCFF") and have benefited from the various grants that have been on offer, the suspension of business rates and the hospitality VAT reduction. We are grateful for all of these measures, but despite this our average cash burn during the periods of total closure has been £4-5 million per month. With the periods of enforced closure lasting longer than anyone could have anticipated and a commitment to exit the pandemic in a position of strength, we decided at the end of the financial year to undertake an equity raise, successfully generating £52 million of net proceeds in April 2021.

Looking after our teams and Tenants has been a priority during the pandemic and communication has been at the heart of that. We led the industry in cancelling commercial rent ahead of the Government's enforced closure and this was very well received. For our teams in our Managed Pubs and Hotels, and in the support centre, the Fuse digital communication system we implemented back in 2017 proved to be a popular and useful tool, providing a quick and instant way to share information and video messages, which have been really well received. We also hosted a number of webinars when we had more detailed information to impart and these became a regular fixture prior to each reopening. The success of these webinars has cemented their place in our communications toolkit and is another positive learning that we will take forward.

One of the areas we have paid particular attention to is the health and wellbeing of our teams during the pandemic.

1 From continuing operations.

Chief Executive's Review continued

Through Fuse, we have shared hints, tips and courses on coping and regularly promoted the wide range of support on offer from the Licensed Trade Charity. We provided supermarket vouchers for those most impacted during the tough third lockdown. The response from our team members has been very positive. We also provided Fuller's vouchers to team members who volunteered in their local communities while furloughed for them to share with their fellow volunteers by way of thanks.

On reopening our estate, we took a rational approach. Decisions were taken on a site by site basis and were based on the data available from a range of sources both internal and external – an approach which allowed us to minimise losses for the periods in which the estate was partially reopened. Following the last lockdown, we reopened 121 Managed Pubs and Hotels on or soon after 12 April 2021 with outside trading only, with the remainder of the estate opening on 17 May 2021.

Positioning the business for long-term growth

At the start of the year, we completed the integration of the support functions for both Bel & The Dragon and Cotswold Inns & Hotels, and the delivery of the Transitional Services Agreement ("TSA") with Asahi. We also completed the sale of the Stable Pizza and Cider Limited ("The Stable"), a leasehold business, to Three Joes. This streamlined the business and allows us to focus on the areas that will drive our growth in the future.

These actions, combined with the sale of the Fuller's Beer Business in April 2019, provided an opportunity to make further changes in our central functions – creating a leaner, more efficient, support centre team designed to assist a dedicated pubs and hotels business.

This exercise was completed in the first half of the year and we are confident we have the right people in the right places to continue to grow the business in the future, both organically, and through acquisitions and developments at the appropriate time. We also reviewed the size and composition of our teams at house level and, although we made a number of redundancies, these were kept to a minimum. As part of this exercise, we also successfully redeployed a number of people to other pubs and hotels within the Fuller's estate.

> "The onset of the coronavirus pandemic forced us to rethink our customer journey, removing contact points and improving our use of digital technology."

During lockdown we introduced a new range of online learning opportunities to help our teams develop both personally and professionally. The courses were delivered through Fuse and focused on wellbeing and developing important life skills, everything from acquiring new digital skills to learning a new language. During the year 1,616 courses were completed with the most popular courses being around managing time, managing emotions, and wellbeing.

Finally, to underpin the right team, we need the right systems and we have used the downtime during the year to identify an appropriate, first-class central finance system. As a result, we will be rolling out our new Microsoft Business Central software package in October this year – simplifying our ordering and accounts processes and crucially improving the flow and understanding of data to the business.

Innovative solutions for a digital future

The onset of the coronavirus pandemic forced us to rethink our customer journey, removing contact points and improving our use of digital technology. While these were implemented as a solution to an immediate problem, the learnings we have taken and the success of these projects, have now made them a permanent feature of our business.

The pre-visit journey is now key to our customer, from searching and viewing to booking and ordering. This encompasses a myriad of digital touch points for the consumer in both pubs and hotels that, to achieve optimal efficiency and a frictionless journey, all need to be seamlessly interlinked. This work is on schedule and initial enhancements in centralised bookings and Order & Pay are working well.

The Order & Pay solution was put in place for the initial reopening of the estate in July last year. The system, which allows customers to scan a QR code to view the menu, place orders and pay – all without having to leave the table, wait for a team member, or download an app – proved both successful and popular with team members and customers. We have successfully rolled this out across the estate and customers that use it have given higher Net Promoter Scores, better tips for the team and migrated to more premium drinks.

The improvements to our booking platform shorten the customer journey and auto-confirmed bookings now account for nearly two-thirds of all reservations made. Meanwhile, the central sales team has been instrumental in encouraging customers to look outside our peak periods and, where necessary, consider alternative Fuller's venues to deal with demand – broadening our peak trading times and reducing lost sales. During July and August last year, our central sales team delivered over one million covers.

At the tail end of 2019, we adapted our accommodation marketing strategy to focus on the domestic tourism market – a decision that has been vindicated with the uplift in staycations since the outbreak of the pandemic. Access to this market has been further boosted by search engine optimised hotel finders, focusing on acquiring new customers around key domestic holiday activities such as dog friendly hotels in the New Forest. This drove bookings in our hotels and pubs with rooms and 15 of our accommodation sites had record accommodation weeks despite the pandemic. In the Cotswold Inns & Hotels business, which we acquired in October 2019, we worked particularly hard to build a good digital customer journey for people booking and our success is reflected in the website conversion rate rising 28% with a 19% rise in direct website revenue.

This digital customer journey underpins our marketing strategy and key to this is our single customer view database. During the year this database has grown by 42% to 1.6 million people, of which over 500,000 are opted in and fully contactable. The largest data sources were our booking engine, Design My Night, and Wireless Social, our wifi provider. The Cotswold Inns & Hotels database also saw strong growth, increasing by 103%, and we have grown the Fuller's social media audience too during the year with increases across Facebook, Twitter and Instagram of 12%, 15% and 20% respectively.

While our pubs may have been closed for much of the year, our website was very much open for business. We had more customer engagement than ever on our new pub finders – with visits up 55.7% against the prior year, largely driven by our Pubs Reopening finder.

Tempestuous Times
Even coronavirus couldn't stop our ever popular Shakespeare in the Garden *from taking place. Never has* The Tempest*, performed here at* The Windmill in Portishead*, been more appropriate.*
@weareopenbar

Instagram followers

18,300

Number of people on our database

1.6m

At all digital points of interaction, we collect data – which helps us understand what consumers are buying and how they are behaving. This gives us the ability to communicate easily and efficiently with our customers and potential customers and continues to successfully convert to increased bookings. It is supported by incredible in-pub activity including *Shakespeare in the Garden* and the forthcoming *Comedy on Tap*.

This mix of digital communications promoting exciting in-pub activity drives spend per head, attracts new customers, and provides more reasons for existing customers to visit. We will continue to monitor which digital levers translate into the highest profit and constantly review and revise our online communications, while not jeopardising the legendary personal hospitality for which Fuller's is famous.

Well-invested pubs in stunning locations

The foundation of our business is our predominately freehold pub estate and investment in the estate is a key tenet of Fuller's success. While many of our competitors suspended their capex programmes during the pandemic, we did the opposite – maximising this opportunity to complete planned investments and bringing forward others to take advantage during the enforced closure.

During the year, we have completed a large number of investment schemes including 10 transformational refurbishments at sites including The Coach & Horses in Soho, The Elephant in Finchley, The Fox & Pelican at Grayshott in Hampshire and The King's Arms Hotel in Woodstock. We have two further ongoing schemes that began in the last financial year – The Kingswood Arms in Kingswood near Banstead, which opened towards the end of June, and The Red Lion in Wendover, which opened on 7 July 2021 as our seventh Bel & The Dragon site. We also opened one brand new site during the year – The White Horse at Wembley, in the shadow of the iconic Wembley Arch and perfectly poised to benefit from the delayed European Championships. We have also used the closure period to undertake smaller schemes across a number of Cotswold Inns & Hotels and Bel & The Dragon sites, completing works to further enhance these already wonderful properties.

Chief Executive's Review continued

The pandemic has put a firm focus on outside spaces and pub gardens – which have seen an increased level of investment. We invested heavily in "winterisation" projects during the year and we will be investing a further £4 million in over 90 schemes during this financial year, ready for the autumn. Outside spaces can now be pre-booked and our customers are more accustomed to being in the open air. With a huge range of innovative solutions, including stretch tents, giant teepees, huts, sheds and pergolas to keep customers warm and dry, we expect to see this trend continue. There is no doubt that the status of the pub garden has been elevated and the development of, and investment in, these outstanding areas will ensure that the pub garden is now a year-round asset, not just for enjoying on the August Bank Holiday.

Tenanted Inns

Our high quality Tenanted Inns continue to play an important strategic role in our balanced estate and, at the very start of the pandemic, we took the decision to suspend commercial rent for our Tenants during periods of closure. The benefits of this decision are now being realised as our Tenants used the savings to improve their pubs and have emerged from the pandemic debt free and in pole position for reopening. When trading has been possible, we have taken a bespoke view by pub to ensure a fair and appropriate rent has been charged.

Throughout the lockdown, we have kept our Tenants informed with tips and training materials to help them through the closure periods and to reopen safely and profitably. We have also provided support on mental health and refunded unopened kegs and casks to further help with cash flow.

In return, our Tenants have been quick to reopen when allowed. All opened in July 2020, albeit some were a little cautious and opened a few weeks after lockdown ended, but the pubs traded very well during the summer, making the most of the Government's *Eat Out to Help Out* scheme. Like the Managed estate, trading slowed as restrictions tightened in the autumn, and most pubs struggled through the staggered opening and closing of the tier system and were already closed when the full lockdown was reintroduced in January. I am pleased to confirm that all pubs are now open and trading again.

During the lockdown, we progressed with plans to improve the training and induction process for Tenants with the addition of a new team member, whose sole focus is around recruiting new Tenants and ensuring they are fully inducted and supported as they start their partnership with Fuller's. This has been well received and has been instrumental in reducing vacancies in our Tenanted Inns. I am delighted to say that Iain Rippon has proved to be an excellent leader for our Tenanted Inns business and when our Tenanted pubs started to reopen from April, we did not have a single vacancy.

An evolving and engaging ESG strategy

This year has seen a major change in our approach to corporate social responsibility with an evolved Environmental Social Governance ("ESG") programme now integral to our business strategy. Under the banner of *Life is too good to waste*, we have three work streams covering the environment, our communities and our people. We are in the process of recruiting a dedicated Head of Sustainability to drive the ESG programme – and in particular the environment and community elements.

Eat Out to Help Out
The Government's Eat Out to Help Out *scheme definitely helped encourage customers to come back to the pub last August – and it gave us lots to shout about on social media.*
#EatOutToHelpOut

Our new approach to addressing ESG will see our commitment to these three areas underpin our strategy, our decision making, and our vision. We have always looked to reduce our carbon footprint, and now it will be a requirement in our investment case. We have always played a role in our communities – and we will bring the community more into the business and ensure that our support is not just financial, but a holistic and integrated approach to working with our charity partners.

Under the framework of *Our people are too good to waste*, we will focus on three areas – wellbeing, genuine careers and belonging (inclusion). This forms part of the wider people plan to create a compelling people proposition under the banner *True to You*.

Looking forward to the future

The end of restrictions is now just 11 days away and our pubs and hotels are perfectly placed to benefit from growing consumer confidence and the return of normal life. Pubs are social spaces that thrive on spontaneity – a quick pint, staying for a bit longer to chat to someone at the bar or just walking past a beautiful pub garden and deciding to stop for a bite to eat without pre-booking a table. I know that, across our estate, our teams are excited to see those behaviours return.

The boom in staycations and desire to get back out with friends has led to strong trading in parts of our estate – particularly Cotswold Inns & Hotels and our rural pubs with rooms – and there is an incredibly busy season to come with numerous weddings and a high level of advance bookings. With our entire estate open, like for like sales for the 12 weeks to 3 July 2021 are running at 76% of 2019 levels, cash generation is strong and our net debt levels are below where they were pre-pandemic. The importance of our perfectly balanced estate has come in to play with different parts of the business showing different recovery trajectories and we are very comfortable with the Company's current position.

We have a clear set of priorities for the next 12 months. We will continue to deliver our strategic goals, invest in our estate, and implement our new central finance system. Other projects, such as our employer brand and further work around our digital customer journey, will be progressed and we will, as ever, keep a watching brief on appropriate opportunities in the market. In the short term, we will continue to address challenges around recruitment and supply chain, which are having an impact right across the hospitality sector.

The elements that combine to make Fuller's such an amazing company have been reiterated many times before and are always worth repeating. The foundations are our iconic, predominately freehold, well-invested estate of stunning pubs and hotels, which are geographically southern based and cover city, town, village and rural locations. At our heart are the amazing team members and entrepreneurial Tenants that make up the Fuller's family, and we are driven by a clear, consistent, long-term strategy. Combined with our strong Balance Sheet, a cash generative business and the fact that the enduring appeal of the high-quality British pub has never been stronger, we look to the future with confidence.

SIMON EMENY
CHIEF EXECUTIVE
8 July 2021

@TheAngelAndCrownRichmond
The Angel & Crown in Richmond did an amazing job of feeding the homeless during lockdown, providing a takeaway meal and, later, essentials including clothes and toiletries. The pub was widely recognised for this amazing contribution to the community.

Thanks to you, this year we have achieved...

@only_a_pavement_away / @Fullers
A team from Fuller's was delighted to participate in a 48 hour relay for the charity Only a Pavement Away, which finds careers in hospitality for people who are, or are in danger of becoming, homeless.

@elephantinn / @NoahsArkHospice / @NLondonHospice
With some remaining stock at The Elephant in Finchley nearing the end of its shelf life during the first lockdown, general manager Bart Stachecki and his colleagues decided to sell it off for charity to local residents, raising valuable funds for two local hospices.

@EpilepsyAction
Leah Murrell, our deputy manager at The Mill at Elstead, ran an online fundraiser for Epilepsy Action to say thanks for all the help she had received from the charity since being diagnosed.

epilepsy action

@Pennies_orguk
We are proud to be a supporter of Pennies and delighted to see this excellent initiative hit a real milestone when it celebrated 100 million micro-donations made by customers across its retail partners.

@beehivepub
The Beehive in Egham opened a food market in its car park with a delivery service for those who couldn't make it. In a further step to maintain links with its regulars, the pub also ran a virtual pub quiz through its Facebook page during lockdown.

@ploughinnealing
Many of our pubs showed their support for key workers with picture displays in their windows. They also joined in when the nation clapped for carers – like Richard Cavanagh, the general manager at The Plough in Ealing, and his family seen here on their balcony.

Our Business Model

DESCRIPTION

Customer Offer
We are famous for delicious, fresh, seasonal food and an extensive range of beers, wines, spirits and soft drinks as well as over 1,000 boutique bedrooms. We have a clear vision to deliver memorable experiences that ensure our customers leave happier than when they arrived.

Iconic Properties
Our predominantly freehold estate is mainly located in the South and South East of England. It is a great balance with rural, suburban and urban sites. It includes some truly iconic sites such as The Still & West in Old Portsmouth and The Churchill Arms in Notting Hill.

Tenanted Inns Estate
Our Tenanted estate is an important part of our balanced business and is highly cash generative.

People
Our people make the real difference to our business. Whether dealing with consumers or colleagues, they deliver outstanding service from bar to boardroom. Our purpose is happy teams, happy customers – and we strive to ensure that everyone knows the key role they play in delivering that purpose, vision and strategy.

Digital Technology
This encompasses a myriad of digital touch points for the consumer in both pubs and hotels that, to achieve optimal efficiency and a frictionless journey, all need to be seamlessly interlinked. In addition, continued development of our digital technologies and systems further enhance our customer knowledge and understanding and create efficiencies in our internal processes.

Financial Strength
Our strong Balance Sheet and prudent approach to cash management ensure that we are well placed to grow both organically and through acquisition.

HOW WE CREATE VALUE

Managed Estate
The purchases made by the customer are the majority contribution to our revenue and profit.

Tenanted Inns
The revenue streams from this part of the business include rent and income from the sale of beers, wines and spirits to our Tenants.

Supplier Collaboration
We work with our suppliers for mutual benefit, creating distinctive products that can only be enjoyed at Fuller's. This includes bespoke food like our London Porter Smoked Salmon and ice-creams from Laverstoke Park Farm. It also includes beers and wines that are unique to our pubs – both through the Long-Term Supply Agreement with Asahi, and through small supplier collaborations.

OUTPUTS

Revenues
We generate revenues from the day to day operations in our Managed Pubs and Hotels, as well as from our Tenanted Inns estate. In addition, we generate some rental revenue from unlicensed properties. Another source of income is rebates from third party suppliers, which we receive by achieving purchasing targets through higher sales in our Managed and Tenanted pubs.

Cash Flow
We have a highly cash generative business and a careful approach to our financial management. By ensuring that we always produce more than enough revenue to cover our costs, we maintain our liquidity which allows us to expand both organically and through acquisitions.

Reinvestment and Refurbishment
By maintaining high standards in terms of both structure and décor, we protect our assets. We also regularly invest in upgrading our properties with transformational schemes that reflect changing markets and customer behaviour. In addition, we invest in new properties – both single and, if appropriate, group acquisitions in line with our strategy (see page 18).

THE VALUE WE SHARE

Customers
Our customers leave happier than they arrived, following a memorable, premium experience (see our purpose and vision, page 6).

Shareholders
Prior to the recent pandemic, our progressive dividend policy had shown increasing returns for over seven decades. The Board hopes to resume dividend payments once the business is again trading profitably on a sustained basis.

People
Our team members tell us that they enjoy being part of the Fuller's family and that they appreciate our investment in their wellbeing. We provide best-in-class training and development programmes and genuine opportunities to develop through internal career progression. Our policies ensure that we have a respectful and inclusive working environment and a consistent approach to supporting our people.

Communities
We strive to play a key role in the communities and neighbourhoods in which we operate with support for local events and groups. We support a number of charities, including Special Olympics GB at a corporate level and, where possible, offer matched funding for our support centre employees and general managers where they are undertaking fundraising activities.

Our Strategy

While it may have been a strange year, we have continued to pursue our strategy – with the addition of a fifth key element, focused on ESG. Here we review the steps we have made over the past year.

1 To deliver a distinctive customer experience across the whole Fuller's estate

- **Building genuine partnerships while sourcing the right range of authentic products to give Fuller's competitive advantage**
- **Optimising the customer's journey digitally, both at central and local level to drive a seamless interaction and improve conversion rates**
- **Broadening the appeal of our pubs and hotels to new and existing customers through a targeted offer and relevant omni-channel marketing**
- **Surprising and delighting our customers in our venues by managing their experience, pre, during and post visit.**

Progress:

This year has been fundamentally impacted by estate closures and operational restrictions due to the coronavirus pandemic and associated lockdowns. However, we have continued to work with our suppliers to ensure we have the best and most relevant products in our portfolio and are in the best possible position as we return to business as usual. We have also worked to ensure our customer journey and offer is relevant, well-presented and communicated.

We have continued to deliver memorable experiences – with our ever-popular *Shakespeare in the Garden* programme taking place in a Covid-secure environment during the pandemic, which received a fantastic reception from audiences across our estate.

Improvements have included investments in our outside spaces, which have become key to trading post-pandemic, the development of digital processes to improve the customer journey and enhancements to the way we book, reserve and confirm tables – all supported by innovative social media and digital communications.

Priorities:

- Build on our single customer view database to further improve the success of our targeted e-mail campaigns
- Map the role of technology in the customer journey and maximise the use of digital tools in building sales and improving the customer's digital journey
- Continue to deliver innovative and exciting customer experiences – in a safe and secure environment
- Measurement of our success through invested like for like sales growth and Net Promoter Score.

Influences:

- Customers need an experience that cannot be replicated at home
- We need to adapt our operation to meet changes in behaviour and expectations following on from the coronavirus pandemic and changes to work/home life balance
- Monitor and respond to changes in consumer trends, particularly around healthier lifestyles.

2 To grow by carefully targeted acquisitions and developments that enhance our premium business

- **To maintain the fabric of the estate, ensuring high standards and legal compliance for both colleagues and customers**
- **Streamlined project process, utilising skills within the team and pool of designers, delighting customers and enhancing our offer**
- **Maximise the potential from our exceptional estate, improving operational efficiency, premiumisation and stand out**
- **Keeping appraised of potential acquisition opportunities to add value and by continuous assessment of our estate.**

Progress:

During the year we completed the full integration of Cotswold Inns & Hotels, acquired during the previous financial year. Cotswold Inns & Hotels is an excellent fit with our existing business, adding 201 bedrooms to our estate, and this area performed comparatively well during the year, with staycations being very in vogue.

We also opened The White Horse at Wembley – a great new pub in the shadow of the iconic Wembley Arch, amidst a new development of 6,000 homes.

During the periods of enforced closure this year we have taken the opportunity to complete a large number of investment schemes, including 10 transformational refurbishments. We have also invested in outside spaces and pub gardens in order to maximise the use of these spaces outside of the summer months.

Priorities:

- To complete further outdoor projects to maximise the garden trading area
- To continue with our programme of investment in our estate to ensure we always have the best pub in the area
- To seek further acquisitions that enhance our estate and increase our customer base
- Measurement of our success through operations revenue and profit growth.

Influences:

- Availability of high quality sites and opportunities.

3 To build a leaner cost base by investing and improving processes

- **Building genuine partnerships that keep input costs in check and give Fuller's competitive product advantage**
- **Drive collaboration by creating effective cross-functional teams**
- **A relentless and agile approach to continuous improvement and efficiency, with decisions backed by data**
- **Taking responsibility for our future by putting a value on sustainability in every decision.**

Progress:

This year has been heavily impacted by coronavirus and the associated restrictions and procedures that have been necessary during the periods pubs have been able to trade. We successfully implemented a range of new processes and procedures, such as Order & Pay, which allows the customer to peruse the menu, place an order and pay the bill without leaving their table, to ensure the safety of our customers and team members in light of the coronavirus outbreak. These processes are now embedded in our operations and have stood us in good stead as we move through the reopening phases during the new financial year.

During the year, we have also enhanced the way we use our central booking system and team. This has further improved the customer journey and increased auto-confirmed reservations with better scheduling of bookings, and ensuring we offer suitable alternative venues within the estate where sites are fully booked.

Following a full review of the supply chain, we have moved to a new ordering system, that sees orders placed twice weekly and delivered two days later, driving better planning and forecasting, whilst improving efficiency for our suppliers.

During the year we have identified, planned and are already well underway with the project to transition to a more suitable finance system for a focused pubs and hotels business, which will both simplify our ordering and accounts processes and improve the flow of data to the business.

Priorities:

- Complete implementation and roll out of the new Microsoft Business Central software package during autumn 2021
- Build on our single view customer database by identifying key interaction points in the customer journey and digital solutions to improve the customer journey
- Measure our success through gross profit margins, Net Promoter Score, contactable database numbers and marketing campaign return on investment.

Influences:

- Changes in consumer behaviour due to the impact of the coronavirus pandemic
- Increased customer use of digital technology
- Importance of safeguarding personal data.

4
Supporting these objectives by recruiting, developing and investing in the best people

- **A modern, transparent and fair reward package that attracts and retains the right people and incentivises high performance**
- **An inclusive workplace where wellbeing is taken seriously, and everyone has a place and a voice**
- **Genuine opportunities for a career and a strong talent pipeline with the right skills for the future**
- **A compelling and differentiated employment brand coupled with a best-in-class recruitment experience.**

Progress:

During the pandemic, the health and wellbeing of our teams has been supported in several ways. We have shared hints, tips and courses, provided access to resources, regular video updates and more targeted support in the form of supermarket vouchers for those most impacted. During the year 1,616 online courses were completed on a range of subjects as diverse as managing time and learning a new language.

We supported our Tenants during the pandemic in a variety of ways, including suspending commercial rent during periods where they were unable to trade and by signposting sources of financial and emotional support. As a result, our Tenants have been in a position of strength as they reopened their pubs.

Priorities:

- Continue to find the best people through a strong employer brand – work is well underway in this area
- Ensure we are fit for the future with the right organisational structure, capability and roles
- Ensure our people experience engages our team members, fulfils their needs and ambitions, and encourages the best people to stay at Fuller's
- Undertake an employee satisfaction survey during the current full year
- Continue to roll out our new employer brand – *True to You* – and support this with ongoing personal development and career progression
- Measure our success through staff turnover, application numbers per role, number of successful apprenticeships and staff engagement.

Influences:

- Impact of potential changes to the size and composition of our workforce in the light of coronavirus and changing consumer behaviour
- Impact of Brexit on the labour market pool within the hospitality industry
- Availability of labour with appropriate skills.

5
A clear ESG strategy under *Life is too good to waste*

- **A road to net zero delivered through energy and waste management reducing our carbon footprint**
- **Supporting the communities in which we operate through charity links and community-based initiatives**
- **Supporting our teams through training and development, health and wellbeing, and a sense of belonging.**

Progress:

ESG has always been important to us, but this year we have added this as our fifth strategic priority to recognise its importance at the heart of the business and will report progress on this in our next Annual Report. We are in the process of hiring a dedicated Head of Sustainability who will be responsible for implementing the programme and setting and delivering KPIs against it. Further details on the *Life is too good to waste* initiative can be found in the Corporate Social Responsibility Report on page 34.

Priorities:

- Establishing a road to net zero through energy and waste management, reducing our carbon footprint
- Increasing our support for our charity partners
- Creating an inclusive workplace, continuing our range of wellbeing initiatives and career planning.

Influences:

- Impact of Government regulation and incentives on environmental initiatives
- Media and consumer focus on ESG related issues
- External influences such as coronavirus or Brexit provide additional challenges to the wellbeing of our teams.

At the heart of our community

SUPPORTING OUR EMPLOYEES

Feeling like a team even though we couldn't be together – keeping our people connected, motivated and engaged

With our team members spread across the South of England, regular communication during the pandemic was essential. Our digital learning and communications platform, Fuse, was used for frequent informative and entertaining videos from the Chief Executive and for online learning to keep our teams engaged. At a house level, it was much the same. Take **The Victoria in Paddington**, where Chris Cochrane and Helen Wilson kept in touch with their team through a combination of WhatsApp, quizzes and even a collaboration video with all the team submitting their contributions individually to create something unique for The Vic.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Financial Review

ADAM COUNCELL
FINANCE DIRECTOR

"The focus during the long periods of closure was to ensure that the Group emerged strongly once the estate reopened, with continued investment in capital projects and our digital offering."

Financial Position and Performance

All figures below are for the continuing operations of the Group.

Group revenue and other income fell by 77%, signifying the detrimental impact that the enforced closure of our business unsurprisingly had on the results. On average our pubs were only open to trade for 29% of the days within the FY21 financial year and even whilst open they were trading under severe restrictions. The significant decline in revenue resulted in an adjusted loss before tax of £48.7 million (FY20: profit of £19.4 million) and statutory loss before tax of £57.8 million (FY20: profit of £8.4 million). In periods where we have been able to trade, albeit with restrictions, trading has been encouraging with positive cash generation and like for like sales in Managed Pubs and Hotels at 80% during the period between 4 July 2020 and 5 September 2020. Since then the restrictions became more onerous, resulting in the eventual closure of our entire estate around the end of December, until those pubs with outside space could reopen on 12 April 2021.

The focus during the long periods of closure was to ensure that the Group emerged strongly once the estate reopened, with continued investment in capital projects and our digital offering. However, it also meant ensuring we protected our financial position and kept cash burn to a minimum. The Group implemented a number of mitigating actions to reduce cash outflows and maintain liquidity, including the decision not to pay a dividend for FY20 and FY21, no bonuses for FY20, a voluntary salary reduction by the Board and Executive Team members of 25% and 20% respectively, and carrying out an exercise to rightsize teams across the entire pub estate and streamline the support function.

As well as reducing costs internally, the Group also participated in Government initiatives to protect the viability of the business, including the CJRS, *Eat Out to Help Out* scheme and Business Rates grants. Through the various schemes the financial results benefited by £47.9 million. The Group was also confirmed as an eligible issuer under the CCFF scheme and issued commercial paper of £100.0 million. Even with all the measures put in place and the assistance received from the Government, cash burn was around £4-5 million per month.

Like for like sales when open

80%

Net debt excluding leases

£218.1m

Shortly after the end of the financial year the Group raised £52 million, net of expenses, through the issue of new equity. This leaves the Group in a strong financial position with sensible levels of debt given our asset rich Balance Sheet. It is from this position of strength that the business will be able to maximise the opportunities open to it as the economy reopens and trading gains momentum.

On 7 June 2020, the Group sold The Stable to Three Joes for an enterprise value of £0.5 million, which resulted in a loss on disposal of £0.9 million. As The Stable was sold during the period, the results have been reported within discontinued operations. The amounts shown as discontinued operations within the financial statements are an operating loss of £0.5 million as well as the loss on disposal. As part of the transaction, Fuller's retained ownership of the five freehold properties associated with The Stable business.

Finance Costs

Total net finance costs (before separately disclosed items) have increased by £0.8 million to £8.4 million. The increase is driven by the interest cost recognised on the unwind of the lease liabilities. This has increased by £0.6 million because of rent concessions received during the course of the financial year which have been treated as lease modifications and remeasured at an increased incremental borrowing rate ("IBR") from the IBR used at inception. Interest on loans has remained in line with prior year despite the average monthly borrowings increasing by £74 million, as this was offset by the lower interest rates on the CCFF.

The net interest expense on our defined benefit pension scheme is shown within separately disclosed items as the charge is driven by market conditions at an arbitrary point in time and is not associated with our underlying trading.

Separately Disclosed Items

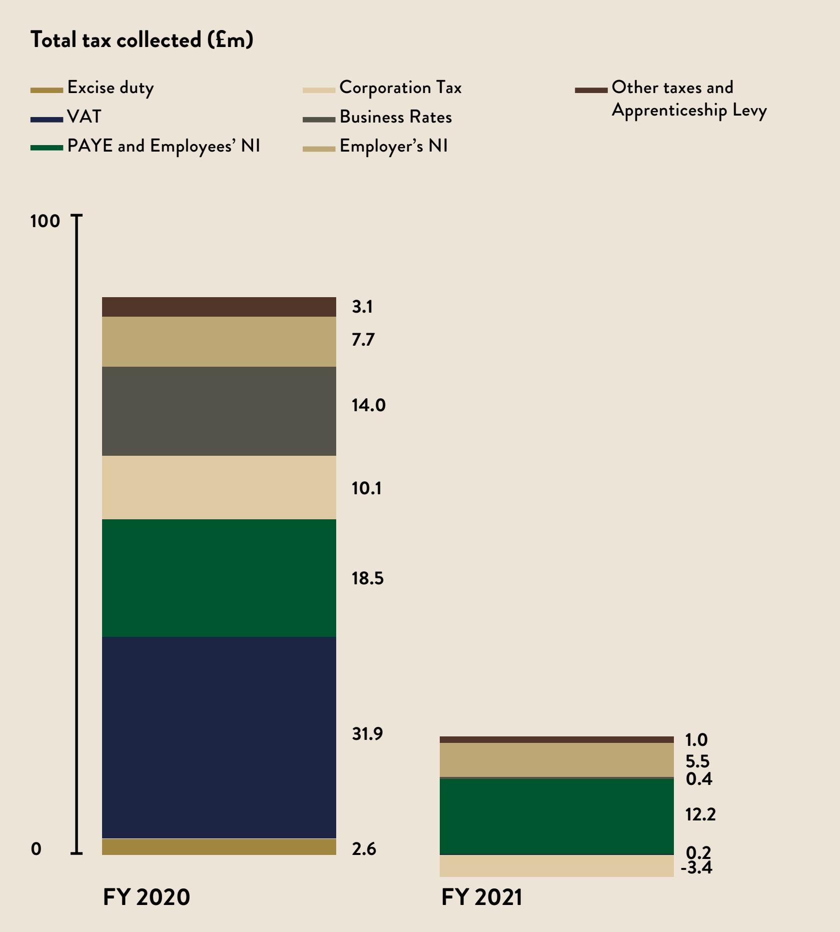
The net position on separately disclosed items of £9.1 million expense (2020: £11.0 million expense) comprises principally £12.9 million of impairment on a number of properties, right-of-use assets, lease receivable and goodwill. Additionally, £1.9 million of reorganisation costs were recognised in the period which include redundancies as a result of the pandemic as well as costs associated with the hive up of Bel & The Dragon and Cotswold Inns & Hotels. These costs were marginally offset by £5.8 million profit on disposal recognised in relation to seven properties most of which were unlicensed properties.

Tax

A full analysis of the tax charge for the year is set out in note 7 to the financial statements. Tax has been provided for at an effective rate of 18.3% on adjusted losses (2020 restated: 37.1% on adjusted profits) from continuing operations. The overall effective tax rate of 16.6% is due to the separately disclosed items being taxed at an effective tax rate of 7.7%.

A prior year adjustment to the net deferred tax liability has been recognised in the year, in respect of an understatement in the base cost of property, plant and equipment recoverable on a sales basis. This has resulted in an increase of £4.0 million in net assets at 31 March 2019 and a reduction

Financial Review continued



Revenue and other income	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Managed Pubs and Hotels	**64.0**	286.3
Tenanted Inns	**9.2**	29.7
Unallocated	**0.2**	3.7
Group revenue and other income from continuing operations	**73.4**	319.7

Adjusted (loss)/profit by segment	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Managed Pubs and Hotels	**(26.1)**	30.6
Tenanted Inns	**1.2**	11.8
Unallocated	**(15.4)**	(15.4)
Operating (loss)/profit from continuing operations	**(40.3)**	27.0
Finance costs	**(8.4)**	(7.6)
Adjusted (loss)/profit from continuing operations	**(48.7)**	19.4

of £1.0 million to the profit after tax for FY20. The net deferred tax liability at 28 March 2020 has reduced by £4.0 million from £17.1 million to £13.1 million.

During the year the significant tax revenues the Group generates for the Government fell by 82%. During the 52 weeks ended 27 March 2021, the total tax contribution of the Group to the UK Exchequer was £15.9 million (2020: £87.9 million) in taxes borne and taxes collected on behalf of colleagues, customers and suppliers. This significant reduction comprises a reduction in VAT payments of £31.7 million to just £0.2 million in the year (FY20: £31.9 million) and a corporation tax receipt of £3.4 million due to the losses incurred. The business rates holiday resulted in a saving of £13.6 million.

Pension

The defined benefit pension scheme deficit has decreased by £1.2 million to £3.5 million (2020: £4.7 million) with both the fair value of scheme assets and present value of pension obligations increasing substantially. The present value of pension obligations increased by £18.8 million to £147.3 million, which was driven by a decrease in the discount rate from 2.40% to 1.95%. This was offset by an increase of the fair value of scheme assets by £20.0 million from £123.8 million to £143.8 million. Standard deficit recovery payments of £2.3 million were also made during the financial year.

Shareholders' Return

In light of the closure of the estate for the majority of the financial year the Board is not proposing the payment of a final dividend.

During the period no 'A' ordinary 40p shares were purchased into treasury (2020: 48,700 'A' ordinary 40p shares for £0.4 million). The middle-market quotation of the Company's ordinary shares at the end of the financial year was 860p. The highest price during the year was 880p, while the lowest was 530p. The Company's market capitalisation at 27 March 2021 was £474.8 million (2020: £358.8 million).

Cash flow	2021 £m
EBITDA	(13.1)
Interest	(4.5)
Tax	3.4
Working capital	(5.1)
Pension contributions and share transactions	(2.6)
Cash available for discretionary spend	**(21.9)**
Capital expenditure	(16.5)
Separately disclosed items	(1.5)
Property disposals	10.8
Dividends	(0.1)
Disposal of Stable	(0.2)
Cash flow	**(29.4)**
Non-cash movement	13.2
Net debt movement	**(16.2)**

Sources of finance	2021 £m
Bank debt	207.7
Other debt	27.5
Cash	(17.1)
Total net debt excluding leases	**218.1**
Lease liabilities	89.9
Total net debt	**308.0**

Cash Flow and Net Debt

Overall net debt at 27 March 2021 has increased by £39.2 million to £218.1 million excluding leases, due to the enforced closure of the business for a substantial part of the financial year. Including leases, net debt has increased by £16.2 million to £308.0 million, reflecting a reduction in lease liabilities of £23.0 million driven by the sale of The Stable (£10.5 million) and a number of rent concessions received in the year that were treated as lease modifications (£10.0 million).

Working capital outflow of £5.1 million was partly due to the amounts outstanding from the Government for the CJRS as well as the reduction in the VAT liability compared to the prior year.

Sources of Finance

At 27 March 2021 the Group has £319.5 million of available facilities, of which £292 million was scheduled to mature within the next 12 months. Our undrawn committed facilities at 27 March 2021 were £84.0 million, with a further £17.1 million of cash held on the Balance Sheet.

In June 2020, the Group increased its available facilities by accessing the CCFF programme and issuing £100 million of commercial paper.

Since year end, the CCFF was repaid in May 2021 and the Group agreed an Amend and Extend Refinancing of its existing debt facilities with its relationship banks, extending the maturity of the £192 million of debt facilities to 19 February 2023 and amending the financial covenants to a minimum liquidity level to 31 March 2022. The Group also raised a further £52 million, net of expenses, from an equity raise in April 2021.

£20 million of our borrowings at 27 March 2021 were hedged using swaps at a blended interest rate of 2.30% (excluding bank margin). The interest rate swap agreements in place will allow us to continue to borrow a portion of our bank debt at a fixed interest rate until 2022.

The Group's financing is a mix of bank debt, debentures, cumulative preference shares, overdraft, cash and short-term deposits, as disclosed in notes 24, 26 and 28. Other financial assets and liabilities such as trade receivables and payables arise through the Group's operating activities. The Group does not trade in financial instruments.

Financial Risks and Treasury Policies

The Group operates a centralised treasury function, which controls cash management and borrowings and the Group's financial risks. The objectives of the function are to manage the Group's financial risk, to secure cost effective funding for the Group's operations, and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability, and on the cash flows of the Group.

Transactions of a speculative nature are prohibited. The Group's treasury activities are governed by policies approved and monitored by the Board.

Going Concern Statement

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 38. The financial position of the Company, its cash flows, net debt and borrowing facilities and the maturity of those facilities are set out above and on pages 136 to 141.

In addition, there are further details in the financial statements on the Group's financial risk management, objectives and policies in note 28. The Directors have outlined the assessment approach for going concern in the accounting policy disclosure in note 1 of the consolidated financial statements.

There is a material uncertainty that under a downside scenario the Group would breach its covenants within the going concern period to 27 December 2022 and this may cast significant doubt about the Group's ability to continue as a going concern as discussed in note 1; however, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Financial Review continued

Viability Statement

The Corporate Governance Code requires that the Directors have considered the viability of the Group over an appropriate period of time selected by them. The Directors have chosen to assess this over three financial years through to March 2024 as this aligns with the Group's strategic planning cycle and is supported by the forecasts that are presented and approved by the Board. It takes into consideration the Group's current position, the potential impact of the principal risks documented on pages 28 to 30 in the Strategic Report as well as the uncertainty regarding continuing impacts of the coronavirus pandemic. Given the continued uncertainty over the trading conditions in the UK, the Directors believe that any longer-term forecasts are difficult to determine at present.

The Group's base case assumes that even though the estate was fully open from May 2021, sales in FY22 will still be impacted by reduction in international travel, slow return to offices and continued impact on consumer confidence. In FY23, the sales will continue to be impacted by the pandemic but to a lesser degree with sales returning to pre-pandemic level by FY24.

The Group's longer-term forecasts take into account the principal risks and uncertainties as detailed on pages 28 to 30. The most significant risk continues to be the pandemic and the continued impact it imposes on trading, especially on international tourism and the shift in people working more from home. Longer-term risks include financing as the Group's current funding arrangements expire in February 2023 and the Group will need to be able to source suitable financing at similar levels to those currently agreed. Other longer-term sources of risk include cost inflation caused by market uncertainty impacting costs such as wages, utilities and food. Consumer demand shifts including a move to working from home and a continued trend towards healthy lifestyles, as well as the UK economy and its ability to recover, impact the longer-term success of the Company.

The Group has also modelled a "downside case" which assumes there will be three months of full lockdown in FY22, being December 2021 through to February 2022, and a further three months with severe restrictions akin to those experienced in October 2020. In the downside it will take longer to recover from the pandemic and therefore under this scenario, without additional mitigating action, the covenants in June 2022 through to December 2022 would be breached.

As announced on 31 March 2021, the Group agreed an Amend and Extend Refinancing of its existing debt facilities with its relationship banks, extending the maturity of the £192 million facilities to 19 February 2023 and amending the financial covenants to a minimum liquidity level to 31 March 2022.

On the same day it was also announced that the Group proposed placing new 'A' shares up to appropriately 20% of existing issued 'A' ordinary share capital. The refinancing of the facilities was conditional on the successful equity raise. On 20 April the equity raise was approved by the shareholders at the Extraordinary General Meeting ("EGM") and the net proceeds of £52 million were received the same day.

In June 2020, the Group increased its available facilities by accessing the CCFF programme which issued £100 million of commercial paper. The CCFF was repayable in May 2021 and was repaid using the Group's available facilities and the proceeds of the equity raise.

Other actions that have been implemented to reduce the cash expenditure each month include furloughing the majority of the staff, temporary pay cuts for the Main Board and Executive Directors, taking advantage of business rates holidays as agreed by the Government as well as applying for grant income and the cancellation of the final dividend for both 2020 and 2021 year ends.

In the "base case", the minimum liquidity requirements are not forecast to be breached, nor are the covenants when they revert to minimum leverage and interest cover in June 2022. The "downside case" shows that when the covenants revert they will be breached unless sufficient alternate strategies could be implemented. Given the Group would breach covenants under the "downside case" and although severe it is still plausible, this gives rise to a material uncertainty over the going concern assumption.

Taking account of the Group's current position, the material uncertainty described above, the principal risks facing the business and the sensitivity analysis, as well as the potential mitigating actions that the Company could take, and the experience that the Company has in adapting the business to change, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of the viability assessment.

Adam Councell

ADAM COUNCELL
FINANCE DIRECTOR
8 July 2021

SUPPORTING OUR SUPPLIERS

Always working with our suppliers to develop new ideas for mutual benefit that give the customer something to smile about too

Laverstoke Park Farm already supplies our very popular range of ice-creams and our buffalo mozzarella. But halloumi – now that has always had to come from Cyprus. We love UK-based produce though, so undeterred we set out together to take this popular European cheese and give it a very British twist. The result is our unique buffalomi. This fun, delicious and innovative new addition to our menus is made from the high quality milk of the Laverstoke Park Farm buffalo and Hampshire cows' milk, and is already proving to be very popular with our customers.

Principal Risks and Uncertainties

RISK MANAGEMENT

Risk Management

Managing risks effectively is key to ensuring that we achieve our strategic objectives in the long term and continue to deliver the high standard our customers, people and shareholders expect.

The risk management process is managed by the Executive Team and is overseen by the Audit Committee which is further supported by the external audit process. Both the Executive Team and the Audit Committee report to the Main Board.

Risk Management Process

Risks are identified, considered and observed at all levels of the business including operational, administrative and strategic risks. These risks are then assessed and appropriate mitigation and management plans are implemented to reduce the potential likelihood and impact. The suitability of these actions is reviewed through robust reporting and monitoring which creates a feedback loop enabling a continuous improvement process to be in place regarding risk management. This includes reviewing ownership and accountability of risks and controls across the Executive and Management teams.

Risks are proactively managed throughout the year. Regular risk reporting is made to the Executive Team and then reported to the Audit Committee.

Responding to the Coronavirus Pandemic

During the course of the last year the risk relating to coronavirus was proactively managed on a weekly and sometimes daily basis by the Executive Team.

Principal Risks and Uncertainties

The following sets out the principal risks the business faces at present that may impact future performance. This analysis is not intended to be a comprehensive list of all risks actively managed by the business. The key financial risks are detailed in note 28 to the financial statements.

Emerging Risks

Description	Risk mitigation
UK ECONOMY There has been a severe impact to the UK (and global) economy from coronavirus the full impact of which has yet to be understood. In addition, the measures which the Government has put in place have cost billions of pounds, all of which will eventually be recouped through taxation.	The risk is kept under review as we implement our strategy. It informs the level of liquidity we target to keep in the business, the way in which we invest in our diversified estate to manage fluctuations in different parts of the economy and the flexibility we look for in future leasing arrangements.

Strategic Risks

Description	Risk mitigation
CORONAVIRUS AND FUTURE PANDEMIC The coronavirus outbreak has had a seismic impact on our industry. This has most obviously been through the closure of all our pubs and hotels to help limit the spread of the virus, followed by the enforced social distancing and other restrictions as we have reopened. The guidelines (now laws in some cases) and Government restrictions have changed regularly and are likely to continue to change. There are changes in the behaviour of our customers and in their patterns in visiting our different sites. The health and safety of our team members is critical and we have implemented appropriate measures for them to carry out their roles safely. There is an increased likelihood of subsequent pandemics, either entirely new strains of a virus or evolutions of the current strain. The impact of another pandemic is likely to be similar to the experience of the current crisis.	We have undertaken a significant rightsizing activity across our estate and central support office to reduce our ongoing cost base. We have taken advantage of the Government support for business through the job retention scheme, business rates holiday for the hospitality sector, made use of the Bank of England Covid Corporate Financing Facility and increased our liquidity levels through an equity raise. We continue to partake in discussions with Government and trade bodies to influence the future imposing and lifting of any restrictions. We continue to monitor our cost base on a monthly and weekly basis. On a site level we review weekly profitability and review the cost of closure and subsequent reopening versus slower trading periods to make the optimal decisions. We have introduced clear coronavirus procedures for all our sites which are reviewed regularly. Going forward we are closely monitoring our cash flow to ensure we maintain appropriate level of liquidity, continue to keep a diversified estate and review the composition in the light of current events, negotiating more flexibility into leases going forward, keeping strong ties with Government, building on our current pandemic response plan, and maintaining and enhancing our flexibility in customer offering and operational procedures.

Description	Risk mitigation
CONSUMER DEMAND SHIFTS The business's success is attributable to its ability to anticipate and react to consumer demand. There have been accelerated changes caused by the impact of coronavirus including, but not limited to, working from home, cashless, people buying alcohol for consumption in the home, demand shift in city venues versus rural; and a continued trend towards healthy and lifestyle choices.	Management monitor and research consumer trends and run trials of new technologies. We gather consumer feedback through Net Promoter Score surveys, customer complaints and online and social media reviews. We analyse retail pricing and market share data to ensure we are competitive but still premium. In addition, through the experience of dealing with coronavirus, the business has become more flexible in dealing with changes in operational measures, product and service offerings.
HEALTH AND SAFETY The health and safety of our employees and customers is a key priority for us. Operating a large number of sites increases the challenge of ensuring the highest health and safety standards are adhered to. There is a risk of a customer suffering from failure to deliver our allergens policies and procedures.	We have a comprehensive training programme in place for our employees covering all aspects of health and safety. All sites complete a risk assessment and are required to undertake detailed weekly and monthly compliance checks which are then subject to review by our in-house health and safety team. Live risk assessments and appropriate adjustments to sites to comply with Government guidelines and restrictions in response to coronavirus are in place. The allergen procedures we have implemented to manage the risks are over and above what is legally required, and are continuously reviewed, to ensure controls remain appropriate. We continue to utilise the services of expert third party health and safety auditors to undertake annual audits on all our sites and perform detailed investigations in instances where an incident does occur.
RECRUITMENT AND RETENTION OF EMPLOYEES The recruitment and retention of high calibre employees is fundamental to our ability to deliver a distinctive experience for our customers, and to support our growth agenda. In particular this applies to the roles held by the support office staff, who may view a career within hospitality as less attractive than other parts of the economy currently.	We have succession plans in place for key senior management roles and have drawn upon these when selecting an Executive Team to deliver the Board's strategy for the new pubs and hotels focused business. Given the competition for high quality candidates across our sites, we have plans in the year ahead to significantly improve the process and systems surrounding our recruitment strategy to ensure that our offer to all employees is attractive. We provide support for staff from the EU and have increased the number of chef apprentice positions for UK candidates. By investing in our employees and offering them real career paths, we are able to differentiate ourselves from the competition and ensure that we remain the employer of choice in a challenging market. We continue to review and improve the entire reward scheme to ensure that it is competitive in both pay and benefits for all team members.
INFORMATION TECHNOLOGY The Group is increasingly reliant on its information systems to operate, and trading would be affected by any significant or prolonged failures and/or data loss. In addition, the sophistication of cyber attacks continues to increase.	Our IT function has a range of facilities and controls in place to ensure that in the event of an issue normal operation would be restored quickly. These include a formal IT Recovery Plan, online replication of systems and failover datacentres, and external support for hardware and software. We continue to introduce more preventive measures to reflect the increased risk.
FINANCING The current funding arrangements of the business are due to expire in 2022 and there is a risk that we are unable to find suitable financing. In addition, interest rates may increase, adversely impacting profit, and/or there could be a risk of breaching financial covenants.	We have a good relationship with our current bankers and, given the predominantly freehold nature of our business, we have the ability to offer more certainty than many in our sector when raising finance. Alternative financing approaches are available, including equity, as evidenced by the recent funding. Interest rate costs have been managed through our long-term financing arrangements and we have successfully waived covenants and agreed new measures that have minimised any risk of breach.

Principal Risks and Uncertainties continued

Description	Risk mitigation
COST INFLATION Market uncertainty and increasing demand leads to cost pressures in several areas, such as food and drink production, utilities and staff costs. The Long-Term Supply Agreement with Asahi Europe Ltd is now embedded in our business model and the impact of Brexit broadly understood.	Our preference is to have long-term agreements in place with our suppliers linking any price rises to CPI. We have a Long-Term Supply Agreement in place with Asahi Europe Ltd for the supply of beer, cider and other beverages, which limits increases to CPI. Other suppliers are also linked to CPI with long-term agreements. We regularly monitor prices using relevant commodity databases, review forward looking inflation and all contracts are competitively tendered. The margin is monitored internally and our retail pricing is monitored quarterly, compared to our competitors. The implementation of a new property maintenance system has improved controls on property costs.
SUPPLY CHAIN There is a risk that poor performance by our suppliers may damage customer satisfaction and could impact the profitability of the Company. Any large scale issue with out of stock items could have a big impact on trade in our businesses. This risk includes any impact from Brexit that has yet to fully emerge due to hospitality closure either in the UK or EU.	We have a Long-Term Supply Agreement in place with Asahi Europe Ltd for the supply of beer, cider and other beverages. This ensures that products will meet certain brand performance metrics, and the supply service is subject to key performance indicators ("KPI"s). All other key suppliers are subject to service and quality KPIs which are monitored on a monthly basis. Our preference is for long-term agreements and strong relationships. The relationship with Asahi and Fuller's is now more mature, and we work with smaller suppliers to ensure that they grow healthy, sustainable businesses outside of their agreement with Fuller's. The supply chain has successfully survived the Covid crisis, which gives us confidence in its ongoing robustness.
SUSTAINABILITY There is risk that the failure to manage climate change risk could impact profitability through taxation, regulation and supply chain uncertainty, in addition to reputational damage.	We have developed a sustainability programme and continue to enhance this. We consider the impact of ESG as part of customer, people, supplier and Tenanted strategies and policies going forward. For more details, see the Corporate Social Responsibility statement on pages 34 to 38.
WAGE COST INFLATION Future labour cost increases may impact the profitability of the business. The principal drivers of such increases are projections for future increases in the National Living Wage, coupled with any potential for a tightening of labour supply. The risk to the business remains despite the pandemic, as unemployment, which although high during the last year of lockdowns, has already begun to fall.	We aim to mitigate the risk of such increases through a combination of improved operational efficiency and passing the cost on through the prices we charge. Without these opportunities, the business would suffer a reduction in profitability across both pubs and hotels. Operational efficiency measures include the rightsizing exercises, use of technology (Order & Pay app) and modelling labour per time of day to optimise staffing levels. The introduction of pay banding as part of the reward review will ensure consistency of pay and provide an effective way to manage costs.

Section 172 Statement

This statement has been prepared in compliance with The Companies (Miscellaneous Reporting) Regulations 2018.

In order to comply with Section 172 of the Companies Act, the Board is required to take into consideration the interests of stakeholders and include a statement setting out the way in which Directors have discharged this duty during the year. More information about our key stakeholders and how we engage with them can be found in the Strategic Report on pages 32 and 33.

The Board considers that, in complying with its statutory duties, it has acted in good faith to promote the success of the Company for the benefit of its shareholders as a whole and considered the interests of all its stakeholders, and in doing so had regard to:

a) **the likely consequences of any decision in the long term**. For Fuller's and its Board of Directors, this has always been an integral part of the culture of a very long-established business. The long term for Fuller's means much more than normal business modelling entails. It is at the heart of all decisions taken by the Board.

b) **the interest of the Company's employees**. Details of the normal engagement process with employees can be found in the Stakeholder Engagement section on page 32 and in the CSR section on pages 37 and 38; in addition, more information relating to specific engagement in relation to the coronavirus can be found on pages 3, 11-12, and 19.

c) **the need to foster the Company's business relationship with suppliers, customers and others**. The Board believes that delivering the strategy successfully requires strong mutually beneficial relationships with suppliers and customers and indeed with industry bodies that further the interests of the sector as a whole. More details of engagement can be found in the Corporate Social Responsibility report on page 34.

d) **the impact of the Company's operations on the community and the environment**. The Board has developed its commitment to corporate social responsibility and agreed a new Environmental, Social and Governance programme. Details can be found on page 34.

e) **the desirability of the Company maintaining a reputation for high standards of business conduct**. Fuller's is well regarded as a business because it has a consistent record of doing the right thing – one of the most enduring key values of the business. This forms part of the Fuller's culture.

f) **the need to act fairly as between members of the Company**. The unique capital structure of Fuller's as a partly listed company has always required the Directors to balance the interests of a diverse shareholder base. The focus on the long term is well understood by the Company's shareholders themselves.

Principal Decisions

1) **Impact of coronavirus**
As detailed in the Chairman's and Chief Executive's Statements on pages 2 to 15, the financial year ended 27 March 2021 has been an extraordinary year for the business both starting and ending with the temporary closure of the entire business due to the coronavirus pandemic.

The Board moved quickly to a routine of weekly video conference calls and received regular updates from the Executive Directors regarding the impact of the pandemic on the business and its employees, and was able to act quickly with critical decisions required in the period. The response to the coronavirus crisis is set out on pages 3, 11-12, and 19. The activities taken throughout the crisis have shown the Board has paid due regard to all stakeholders and ensured the business is well positioned for long-term growth.

2) **Equity raise**
The decision to launch the equity raise was considered very carefully by the Board. The long period of closure was very expensive for the Company, and every other company in the sector. The Board concluded that taking into account short-term funding requirements (i.e. such as repaying the £100 million commercial paper from the CCFF by end May 2021), the structure of a non-preemptive placing was the most efficient route and in the best interests of shareholders. It was agreed that successful completion of the placing would equip the Company with maximum financial flexibility to exit the pandemic strongly and be in the best possible position to execute its growth and recovery strategy.

The equity raise was approved through a series of general meetings, and all resolutions were passed with greater than 99% of votes in favour.

Stakeholder Engagement

OUR PEOPLE

Our people are a key asset and critical to the success of the business. They make the experience for the customer and deliver our business strategy at every level.

How we Engage

During the pandemic, we had to review and evolve the way we communicate with our employees – and we focused on using our digital learning and communications platform, Fuse, to deliver updates, digital training to keep people mentally stimulated, and signposting for emotional and mental wellbeing support. (More in the Chief Executive's Review, page 11).

Further Information

We will be undertaking a review of our employee engagement in the current financial year. We have also strengthened our focus on Diversity and Inclusion and will report further progress in next year's Annual Report. We have an Equal Opportunities Policy, which is designed to ensure all colleagues are treated equally in terms of training, career development and promotion. All team members are given an *Inndulgence* card which gives them a colleague discount in our Managed Pubs and Hotels. Qualifying employees are also invited to participate in our Savings Related Share Option Scheme, Share Incentive Plan and a variety of performance related bonus arrangements.

OUR TENANTS

Our Tenants are an extension of the Fuller's team, although they have autonomy in running their own business. We aim to recruit Tenants who share our values and philosophy.

How we Engage

We have a team of Business Development Managers led by an experienced Head of Tenanted Operations who ensure that our Tenants are in the best place to operate a successful business that delivers a good return for both parties. During the pandemic, we suspended commercial rent in lockdowns to ensure they emerged strongly.

Further Information

This year has highlighted the entrepreneurial nature of our Tenants. They have opened their pubs as community stores (see page 8) and served the homeless. They are very visible within their communities and we highly value their contribution to our business.

OUR SHAREHOLDERS

Our shareholders range from founding family members to retail shareholders and large institutional investors. They own our business and provide us with the capital that enables us to progress our strategy.

How we Engage

We maintain a regular dialogue with all our shareholders. We actively engage with them as part of our investor roadshows following results presentations and we are easily accessible to deal with questions and feedback throughout the year.

Further Information

During the year, we spoke to investors about our proposed new Remuneration Policy which was submitted to the 2020 Annual General Meeting and we launched an equity raise to ensure we exited the pandemic in the best possible position. Both proposals were unanimously approved and we thank our shareholders for their support in this process.

OUR SUPPLIERS

An excellent supply chain is a key tenet of our business and we look for genuine partnerships that provide a real point of difference.

How we Engage

We build a solid relationship with our suppliers that allows for mutually beneficial collaboration. This results in a range that is available *Only at Fuller's*.

Further Information

We work with our suppliers to monitor consumer trends and changing tastes. This allows us to evolve and adapt our offer and menus to reflect these macro trends.

LEGISLATURE

We operate in a highly regulated sector and, especially during the recent pandemic, we have had increased dialogue at both local and national level.

How we Engage

We regularly meet with both our local MP and other legislative stakeholders, including through membership of both the British Beer and Pub Association and UK Hospitality. We regularly contribute to consultations on issues that impact our sector.

Further Information

The work and engagement that has been carried out during the pandemic has strengthened our relationships and contacts among, particularly, national policy makers and we will maintain these relationships going forwards.

OUR COMMUNITIES

The Great British pub has always been at the heart of the community and we strive to uphold that position by being a good neighbour, supporting worthy causes and providing employment.

How we Engage

We have recently launched an ESG programme as a key tenet of our overall business strategy. The initiative, *Life is too good to waste*, includes our community programme.

Further Information

The *Life is too good to waste* programme also covers sustainability, which is more important than ever to our customers, our team members, and all our stakeholders. See page 34 for further information.

Corporate Social Responsibility

This year, we have further developed our Corporate Social Responsibility ("CSR") strategy under the *Life is too good to waste* banner.

This exciting project covered three key areas:

- We believe our environment is too good to waste
- We believe our communities are too good to waste
- We believe our people are too good to waste.

Although the business has been closed for much of this year, we have nonetheless progressed with this programme and in this section we will describe our achievements in these three areas.

While Fuller's has long taken actions that highlight the Company's commitment to CSR, the external environment has moved on and we are taking a bold move to redouble our own performance in this area with a new ESG programme. This will be a key plank of the overarching strategy (see page 19) and will see the principles of sustainability embedded in that strategy. On an operational level, it will continue to be delivered through the *Life is too good to waste* initiative.

As part of this process, we are recruiting a dedicated Head of Sustainability who will be responsible for delivering our ESG plan. They will take ownership for setting, monitoring and reporting on the goals set and targets met.

We will now take a look at some of those goals and targets and report back on our achievements over the last year.

Our environment is too good to waste

A road to net zero delivered through energy and waste management, reducing our carbon footprint.

We have made a number of strides in this area over recent years, including the following:

- We now have LED lighting throughout our Managed Pubs and Hotels – using up to 75% less energy and lasting around three times longer
- We have sent zero waste to landfill since 2018
- 16 of our Managed Pubs and Hotels now have charging points for electric vehicles ("EV"), with more in the pipeline
- We have started to recycle our cooking oil, which has the added benefit of reducing our refuse costs and generating an income from the sale of that oil – this process is set to rise and will be delivering revenue of over £100,000 per annum by the end of 2021
- Each year, we save the equivalent of over 75 Olympic swimming pools of water by using waterless urinals
- By using Ecolab cleaning materials, with recyclable packaging, we have reduced our use of single use plastics
- Over 30 tonnes of cardboard per annum has been removed from our supply chain through the use of re-usable plastic crates and we expect to remove a further 150 tonnes by 2022.

While the achievements above focus on energy consumption and waste issues, work undertaken in partnership with our suppliers also plays a role in reducing our environmental impact.

Previously, food was ordered for next day delivery, leading to multiple deliveries during the week, poor load planning for our suppliers and, consequently, vehicles covering a lot of miles. Today, we have changed this process and our head chefs and kitchen teams now order less frequently, with deliveries arriving two days later.

The results of this process are quite amazing. Without any compromise on freshness, over 60,000 journeys have been taken off the road by reducing the frequency of food deliveries through better planning and forecasting. Suppliers can load plan and route more effectively and it has the added benefit of creating a more structured process in the kitchen. The strengthened relationship also mitigates supply issues and helps to reduce our exposure to price volatility due to both the pandemic and Brexit.

When it comes to minimising food waste, we have also used the time during lockdown to further improve on the way we use the food we buy. A great example is the use of whole carcasses with regard to our meat suppliers – with all cuts being incorporated into dishes on our menus, the fat being used for dripping and the bones being sold at the end. With our vegetables, we look to use the leaves of celeriac, beetroot and celery in salads – again ensuring that minimal food waste is created in the kitchen.

While we are proud of our achievements to date, we have a long way to go. Under the stewardship of the Head of Sustainability, we will plot our road map to net zero. We have already joined the industry's Net Zero Carbon Forum, which is another step on this road. We have also appointed a specialist third party, Hospitality Energy Saving, to complete our annual carbon reporting and help set the strategy and road map to net carbon zero.

We will start by identifying further quick wins that can deliver immediate reductions in energy saving. To facilitate this, we will be rolling out an energy and waste dashboard to our managed sites, which connects to existing smart meters, and will be used to drive change.

Modern Slavery

We are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.

Further details can be found on our website: www.fullers.co.uk/corporate/csr/modern-slavery-statement

Greenhouse Gas ("GHG") Emissions and Energy Consumption

	52 weeks ended 27 March 2021	52 weeks ended 28 March 2020
The annual quantity of energy consumed in kWh from (i) the combustion of gas and (ii) the consumption of fuel for the purposes of transport, together with the annual quantity of energy consumed in kWh resulting from the purchase of electricity	**42,296,045**	83,555,406
tCO_2e[1] emissions from the combustion of gas and fuel at our facilities as well as fleet vehicle use (Scope 1 emissions)	**5,114**	8,436
tCO_2e emissions from purchased electricity (Scope 2 emissions)	**4,314**	8,902
Total GHG emissions (Scope 1 and Scope 2)	**9,428**	17,338
Group's chosen intensity measurement:		
tCO_2e emissions per £1m of turnover	**128.8**	52.7

1 tCO_2e are tonnes of carbon dioxide equivalent.

The following methodologies were used to calculate the above quantities:

- The kWh consumption figures relevant to gas and electricity were calculated using invoices received by the Group and sample unit rates
- The consumption figures relevant to transport were calculated based on employee business mileage claims and fugitive emissions are based on contractor records.

The Group does not have responsibility for any emission sources that are not included in the consolidated financial statements and are outside the boundary of operational control.

Year on year comparison is not possible due to the impacts of coronavirus as well as the sale of the Brewery in FY20.

Corporate Social Responsibility continued

That will be our first goal – to put unnecessary energy consumption top of mind in our team members and to replace energy-heavy equipment. The site dashboard will also include waste to ensure a holistic energy in/waste out approach to our carbon footprint.

Our environmental plan for the next year and beyond, on which we will report back next year, includes the following goals. We will aim to:

- establish our starting point for each area so we can set out our road map to net zero
- incorporate ESG in every tender as part of our assessment criteria
- undertake a behaviour change project in our Managed Pubs and Hotels to reduce energy consumption and waste
- explore sourcing all of our electricity from green sources
- ensure all food waste is separated and recycled
- explore packaging alternatives with our suppliers
- ensure every hotel (with parking) has at least one EV charging point.

Our communities are too good to waste

Supporting the communities in which we operate through charity links and community-based initiatives.

In light of the extensive closure of our pubs and hotels for so much of the year, our ability to fundraise – especially through the Pennies scheme that has proved so generous in recent years – has been much curtailed. But that has not stopped our team members from being active in their communities.

Throughout the pandemic, our team members volunteered in food banks and at vaccination centres, and cooked meals for key workers. Meanwhile our Tenants have fed the homeless and vulnerable, and opened their pubs as community stores. It's that can-do spirit that has kept the Fuller's family busy, motivated and at the hearts of our communities.

During the periods we were open, our customers continued to show their generosity and, despite the pandemic, we still raised £35,600 through Pennies. This amazing digital charity box continues to deliver for our corporate charities supporting both Shooting Star Children's Hospices and Special Olympics GB.

Special Olympics GB: Inclusion in Action

Special Olympics GB is part of a global movement of people creating a new world of inclusion and community, where every single person is accepted and welcomed, regardless of ability or disability.

Special Olympics GB is the largest provider of year-round sports coaching and athletic competition in summer and winter sports for children and adults of all abilities with intellectual disabilities in Great Britain. The charity provides a competition pathway designed to nurture and progress athletes from local competitions through to accessing elite level competitions. Special Olympics uses the power of sport to change attitudes and enable opportunities for people with intellectual disabilities to live active, healthy, and fulfilling lives. In Great Britain there are 105 accredited programmes across England, Scotland and Wales, impacting the lives of 11,361 individuals with an intellectual disability, 5,194 volunteers and 2,787 coaches. The charity offers 28 sports for all ability levels including those with profound, multiple learning disabilities and complex health needs through its Motor Activities Training Programme ("MATP").

Intellectual disability is the UK's biggest disability. There are a total of 1.5 million individuals in the UK with an intellectual disability – a number that is expected to rise to 1.7 million by the end of 2021. Special Olympics athletes are among some of the most vulnerable in society and have been disproportionately negatively affected by the Covid-19 pandemic. With no Special Olympics training, competitions or activity, life has been very different with reduced physical activity and increased isolation.

The statistics around intellectual disabilities are shocking – 81% of disabled people would like to be more active, 77% of young disabled adults (18-34) feel lonely, and eight out of 10 children with an intellectual disability are bullied. These startling figures, combined with the fact that most people with an intellectual disability suffer social exclusion, highlights the important role and potential of Special Olympics GB.

The charity's work continues to be made possible through the support of our Fuller's partnership, which could not be more important as recent research has identified that 36% of adults have a connection or are aware of someone with an intellectual disability. This equates to nearly 19 million people in Great Britain – far higher than was previously estimated.

Finally, it should be noted that 94% of people with an intellectual disability are not in paid employment. However, one in two people believe that Special Olympics GB and its sponsors need to improve this and help find jobs for people with an intellectual disability. This is a great opportunity for the Special Olympics GB and Fuller's partnership – we can make a significant difference in transforming the lives of those people with an intellectual disability.

*Together we are helping to make the world a better, healthier and more joyful place — one athlete, one volunteer, one family member at a time. For more information visit **www.specialolympicsgb.org.uk**.*

We can now also take Pennies donations as contactless payments and this will shortly be activated on transactions made through *Order & Pay*. In our Bel & The Dragon sites, Pennies raised £2,274 for the Heads Together mental health charity, while at Cotswold Inns & Hotels, which will be adopting the Pennies initiative this year, £8,275 was raised through customer donations for Acorns children's hospices.

We have also raised £33,051 for Special Olympics through the sale of Ale & Pie Tasting Boards and through a donation on our children's menus during the periods we were open.

Our fundraising endeavours have continued during lockdown, with a number of team members raising money for Special Olympics through the 2.6 Challenge last April, and through various personal endeavours including running, walking and selling bottled beer that was due to expire during lockdown. The team at Bel & The Dragon raised £2,000 for the Injured Jockeys Fund and Hampshire Air Ambulance with an online Cheltenham Preview, and the marketing team at Pier House raised over £2,000 through a 48 hour relay for *Only a Pavement Away*, which finds jobs in hospitality for homeless people and those who are in danger of becoming homeless. This is a charity we work with on a regular basis both to raise money and to provide job opportunities. We have also donated a further £50,000 to Onside – the Hammersmith & Fulham Youth Zone project. This is our second year of involvement and we are committed to donating £150,000 over a four year period.

Finally, we have continued to support a plethora of other charities through our Charities Aid Foundation budget. Over £70,000 has been donated to a range of good causes including a number of alcohol related charities such as Drinkaware and the Alcohol Education Trust. We have also donated an average of around £800 each month in matched funding through our Give as you Earn scheme.

What we have missed this year is the pensioners Christmas dinners and those special events we hold, in our pubs, to raise money for local good causes. With our pubs and hotels reopened, we expect to see this in abundance in the new financial year.

Heads Together
In January 2018, Bel & The Dragon started supporting this valuable charity – and since 2019, Pennies has helped raise even more. Throughout Bel pubs, great importance is placed on the individual wellbeing of the team members at each site, so it's a natural tie up.
@HeadsTogetherCampaign

Money raised through Pennies

£37,900

Adults in the UK with an intellectual disability

1.5m

Going forwards, we will be focused on three key areas:

- Central charity – building awareness of Special Olympics through fundraising initiatives driven centrally
- Local charity links – building relationships in the community through local charity links
- Community-based initiatives – making the pub the hub and building relationships at a local level.

To do this, we will:

- hold regular events driven centrally to raise the profile of Special Olympics
- promote Pennies throughout our estate and through all forms of card and digital transactions
- work with Special Olympics athletes to tell their stories
- encourage our team members to volunteer at Special Olympics events
- hold a series of charity events at a local level to engage our customers and address issues at the heart of our communities and neighbourhoods
- reinvigorate the Give as you Earn scheme and promote matched funding
- allocate a day a year for employees to work on a community project.

Our people are too good to waste

Creating an inclusive workplace, taking care of our teams' wellbeing and providing genuine career opportunities.

We are a people business – there is no doubt about that – and we very much have people at our heart. Throughout the recent pandemic and the various lockdowns, we have focused on helping our team members deal with unusual and often difficult situations – whether they have been working throughout or on furlough.

One of the best ways we did this was through our Fuse digital learning and communications platform. This provided an excellent way to connect with our team members while they were away from the workplace. One of the most successful elements was a series of bite sized courses focused on wellbeing and developing important life skills – everything from acquiring a new language to learning new digital skills. Take up of these courses was incredible, with team members completing a total of 1,751 hours of free life skills training during lockdown and furlough.

Corporate Social Responsibility continued

We also used Fuse as a vehicle for regular vlogs from the Chief Executive to keep everyone informed, up to date and entertained, and we supported this communication flow with webinars as we approached the various reopening dates.

Mental health continues to be a well-discussed topic for our team members – and the wider community – and we have built on the initiatives we put in place last year. During the toughest third lockdown, over 2,000 team members tuned into our weekly *Wellbeing Podcast*. This was also hosted on Fuse. We also launched Wagestream – a system that allows early access to wages earned – and over 1,000 team members signed up to the Wagestream financial wellbeing app. During the third lockdown we also provided supermarket vouchers to those team members most affected by the ongoing situation.

We are in the process of relaunching our employer brand under the mantra *True to You*, and as part of this process we are also focusing on better understanding the diversity of our team. We have appointed an internal person to head up this work and our goal is to create an inclusive workplace where everyone can thrive, in line with our values.

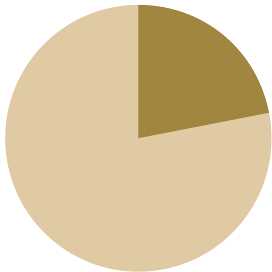
Going forwards, we will be focused on supporting our team members' physical, mental, financial and social wellbeing. To achieve this, we will:

- involve our people in creating our first Diversity and Inclusion action plan
- identify appropriate actions to embed an inclusive culture in all areas of our people experience
- map our female talent and create bespoke training interventions to encourage their development
- introduce a wellbeing module as part of our induction programme
- train 100+ mental health first aiders
- embed wellbeing in all our leadership development programmes
- provide a suite of free, online wellbeing training
- set standards for back of house when we undertake investments
- ensure real development opportunities through our *Designed for Life* career pathway
- work with external partners and trade bodies to raise the profile of hospitality as a great place to have a career.

Gender Diversity

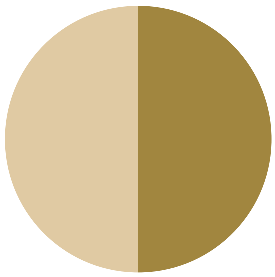
As at 27 March 2021

Board of Directors (%)



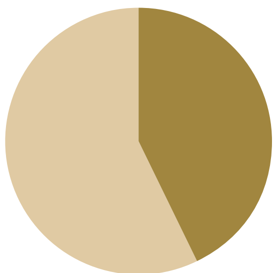
Female	2	22%
Male	7	78%

Senior management (%)



Female	7	50%
Male	7	50%

Other employees (%)



Female	1,630	43%
Male	2,134	57%

Life is too good to waste

This is the most progressive strategy we have ever implemented in the CSR/ESG field and we are setting stretching and measurable targets. We look forward to developing the initiatives outlined above under the direction of our new Head of Sustainability and with the support of our Executive Team and all our team members. The Board is committed to the delivery of this programme and we look forward to updating you on our progress in the future.

Non-Financial Information Statement

Reporting requirement	Key policies/standards/frameworks	For additional information
ENVIRONMENTAL MATTERS	CSR Strategy – Our environment	CSR Report from page 34
EMPLOYEES	CSR Strategy – Our people, Alcohol and Drugs Policy, Attendance and Absence Policy, Bullying and Harassment Policy, Communications Policy, Compassionate and Bereavement Policy, Data Protection Policy, Disciplinary Policy, Equal Opportunity Policy, Family Friendly Policy, Anti-Bribery Policy (covering gifts and hospitality), Grievance Policy, IT Policy, Mobile Phone Policy, Other Employment Policy, Parenting Policy, Recruitment Policy, Redundancy Policy, Residential Accommodation Policy, Right to Work Policy, Smoking Policy, Social Media Policy, Staff Accommodation Policy, Stop and Search Policy, Stress Policy, Tuition Policy, Whistleblowing Policy	CSR report from page 34 Strategic Report on pages 18 and 19
SOCIAL MATTERS	CSR Strategy – Our communities, Gender Pay Gap reporting	CSR Report from page 34
HUMAN RIGHTS	Modern Slavery Statement	CSR Report – page 35 in particular
ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS	Anti-Bribery Policy (covering gifts and hospitality), Whistleblowing Policy	Corporate Governance Report from page 46 Audit Committee Report from page 51
PRINCIPAL RISKS AND IMPACT ON BUSINESS		These are set out on pages 28 to 30
BUSINESS MODEL		At a glance page 6 See our vision and purpose on page 6 Strategic Report on pages 16 and 17
NON-FINANCIAL KEY PERFORMANCE INDICATORS		Strategic Report on pages 18 and 19

By order of the Board

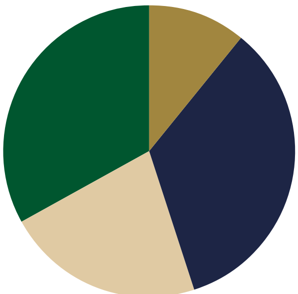
Simon Emeny

SIMON EMENY
CHIEF EXECUTIVE
8 July 2021

Board of Directors

Driving our strategy is the Board – a team of people who each bring expertise and experience in different areas. They set the strategic direction for the Company and add their contribution to the Fuller's growth story.

Board structure as at 8 July 2021



Chairman	11%
Executive Directors	34%
Non-Executive Directors	22%
Independent Non-Executive Directors	33%

MICHAEL TURNER N

NON-EXECUTIVE CHAIRMAN

Date appointed to the Board: January 1985

Experience: A Chartered Accountant with international experience, Michael joined Fuller's in 1978, initially running the Wine Division as Wine Director. Appointed Marketing Director in 1988, Managing Director in 1992, Chief Executive in 2002 and Chairman in 2007. Chairman of the British Beer and Pub Association 2008-2010. Master of the Worshipful Company of Vintners 2011-2012.

Key external appointments: None

My lockdown: With my wife, Diana, staying mainly in London while I was in Suffolk, I've had to learn to cook. Through the power of YouTube, I can now deliver a mean rack of lamb and a lobster thermidor.

SIMON EMENY

CHIEF EXECUTIVE

Date appointed to the Board: May 1998

Experience: Joined in 1996 from Bass plc where he held a variety of senior operational and strategic planning roles. Appointed to the Board as Retail Director in May 1998, Managing Director, Fuller's Inns in July 2006, Group Managing Director in November 2010 and Chief Executive in July 2013. Previously Senior Independent Director and Chair of the Remuneration Committee of Dunelm Group plc. An economics graduate and alumnus of Harvard Business School.

Key external appointments: Non-Executive Director of The National Gallery Company Limited and Senior Independent Director of WH Smith PLC.

My lockdown: My wife, Selina, and I took the staycation opportunity to complete the Coast to Coast cycle ride – 155 miles from Whitehaven to Tynemouth.

ADAM COUNCELL*

FINANCE DIRECTOR

Date appointed to the Board: August 2019

Experience: Joined from AIM-listed Restore plc, where he was Group Finance Director. Started his career at Whitbread plc in the accounts department of The Pelican Group restaurant division before moving to the Milward Brown Precis subsidiary of WPP plc. Joined Rentokil Initial plc in 2003, where he held a variety of finance posts including Commercial Director of the Business and Industry division, Finance Director of Catering and the combined Catering and Hospitals division, and finally Finance Director of the UK Business Services division. Qualified Chartered Accountant.

Key external appointments: None

My lockdown: I've spent much of lockdown trying to get involved in home schooling my children. Turns out I'm no match for English homework.

FRED TURNER

RETAIL DIRECTOR

Date appointed to the Board: June 2019

Experience: Joined the Company in 2013 as an Operations Manager for Fuller's Inns. Appointed Head of Tenanted Operations in 2015 and Tenanted Director in 2018. Qualified as a Chartered Accountant with Grant Thornton UK LLP. Civil engineering graduate.

Key external appointments: None

My lockdown: I turned our house into a crazy golf course, which the children loved – but it did nearly result in divorce!

Key to Committee membership:

A Audit Committee **N** Nomination Committee **R** Remuneration Committee ■ Committee Chair

JULIETTE STACEY A N R

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Date appointed to the Board: March 2018

Experience: Former Chief Executive of Mabey Holdings Limited. Former Chief Operating Officer (UK and Europe) and previously Finance Director (Commercial UK) of Savills plc. Qualified as a Chartered Accountant with Ernst & Young.

Key external appointments: None

My lockdown: I resurrected my love of interior design and dealt with some long overdue projects – I made two sets of curtains, four Roman blinds, a number of scatter cushions and reupholstered eight dining chairs.

SIR JAMES FULLER, BT

NON-EXECUTIVE DIRECTOR

Date appointed to the Board: June 2010

Experience: Served in The Life Guards from 1991 to 1998. Employed by the Company from 1998 to 2003, working in the Tied and Managed Pub estate and has since been running his own business.

Key external appointments: None

My lockdown: I renovated the half acre Victorian walled garden during lockdown, including the creation of a huge vegetable patch to serve the local area.

RICHARD FULLER

NON-EXECUTIVE DIRECTOR

Date appointed to the Board: December 2009

Experience: Joined the Company in 1984. Appointed a Divisional Director in 1992 and to the Board in December 2009 with responsibility initially for sales then, additionally, personnel, corporate affairs and government relations. Became Non-Executive Director in February 2020. A GMP graduate of Harvard Business School.

Key external appointments: Chairman of Kempton Park Racecourse and Master of the Worshipful Company of Brewers.

My lockdown: I'm in the middle of laying a 100 yard hedge – it's a very intricate process of cutting and staking a combination of Hawthorn and Hazel to make a thicker, tidier hedge.

HELEN JONES A N R

INDEPENDENT NON-EXECUTIVE DIRECTOR

Date appointed to the Board: March 2019

Experience: Formerly Group Executive Director at Caffè Nero and Managing Director of Zizzi, the Italian casual dining chain, and Non-Executive Director of international fast-dining restaurant group Vapiano SE.

Key external appointments: Senior Independent Director and Chair of the Environmental, Social and Governance Committee of Halfords Group plc. Other appointments include Non-Executive Director and Chair of the Remuneration Committee of Virgin Wines UK Plc and Non-Executive Director of Premier Foods Plc.

My lockdown: I took my fitness regime on the road and reconnected with nature during lockdown with a daily walk or cycle ride around the beautiful Buckinghamshire countryside. Less Twitter and more Twitcher!

ROBIN ROWLAND OBE A N R

INDEPENDENT NON-EXECUTIVE DIRECTOR

Date appointed to the Board: March 2020

Experience: Previously Chairman and Chief Executive of YO! Sushi, Non-Executive Director of Marstons PLC and Tortilla. Awarded an OBE in 2015 for outstanding services to hospitality.

Key external appointments: Currently European Operating Partner of TriSpan Private Equity with Chairman and Non-Executive Director roles with three portfolio companies: Rosa Thai, Thunderbird and Rosa Mexicano (USA). Independent Non-Executive Director roles with Eathos (Gulf) and Caffè Nero.

My lockdown: I have taken up bee keeping for the first time ever and have over 5,000 bees in my new hive. I'm already getting honey – but I still can't identify which one is the queen.

RACHEL SPENCER

COMPANY SECRETARY

Date appointed: January 2021

Experience: An experienced company secretary having held positions at a number of other listed companies including Invensys PLC, Aldermore Group PLC (both the listed entity and the regulated bank) and, most recently, Clarkson PLC. Fellow of the Institute of Chartered Secretaries and Administrators.

My lockdown: I've spent lockdown trying to house train my new puppy. She is a black Springador called Winnie and has made a real impact on our lives – and on our carpet!

* As announced on 26 February 2021, Adam Councell informed the Board of his intention to step down from his current position as Finance Director. Adam will remain with the Company in order to ensure an orderly handover, and his leaving date will be confirmed in due course. Neil Smith will join the Board as Finance Director at a date to be confirmed, but no later than 1 December 2021.

Directors' Report

The Directors present their report to shareholders together with the audited financial statements for the 52 weeks ended 27 March 2021. The Directors' Report and the Strategic Report (pages 4 to 44) together constitute the management report for the purpose of Rule 4.1.8R of the Disclosure Guidance and Transparency Rules. Other information relevant to the report, including information relevant pursuant to the Companies Act 2006 and UK Listing Rule 9.8.4R, is incorporated.

As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report as the Board considers them to be of strategic importance. Specifically, these are:

Information	Reported in	Page(s)
Future business developments	Our Strategy	18
Employment of disabled persons	Stakeholder Engagement	32
Employee engagement (including participation in share plans)	Stakeholder Engagement and CSR	32,34
Engagement with suppliers, customers and others	Stakeholder Engagement	32-33
Emissions reporting	CSR	35

Annual General Meeting

The 2021 Annual General Meeting ("AGM") will be held at 11am on Thursday 23 September 2021 at The George IV, 185 Chiswick High Road, London, W4 2DR. The Notice of Meeting which sets out the resolutions to be proposed has been posted to shareholders and is available on the Company's website at www.fullers.co.uk.

Articles of Association

The Company's Articles of Association were adopted in 2014. In accordance with the Companies Act 2006, the Articles of Association may only be amended by a special resolution of shareholders in a general meeting.

Directors

The names and biographical details of the Directors who served on the Board and Board Committees during the financial year and up the date of this report are given on pages 40 and 41.

Appointment and Retirement of Directors

The Articles of Association ("the Articles") state that the Board may appoint Directors and that at the subsequent AGM, shareholders may elect any such Director. Alternatively, the Company may directly appoint a Director. The Articles also contain the power for the Company to remove any Director by special resolution and appoint someone in his or her place by ordinary resolution. There are various other circumstances under the Articles which would mean that the office of a Director would be vacated, including if he or she resigns, or becomes of unsound mind or bankrupt.

At every AGM one-third of the Directors who are subject to retirement by rotation or, if their number is not three or any multiple of three, then the number nearest to but not exceeding one-third shall retire from office but, if there is only one Director who is subject to retirement by rotation, he or she shall retire. In addition, if any Director has at the start of the AGM been in office for more than three years since his or her last appointment or re-appointment he or she shall retire at that AGM.

Powers of the Directors

Subject to the Company's Memorandum and Articles of Association and UK legislation, the business of the Company is managed by the Board which may exercise all the powers of the Company. The Articles of the Company have a section entitled "Powers and Duties of the Board" which sets out powers such as the rights to establish local boards, to appoint agents, to delegate and to appoint persons with the designation "Director" without implying that the person is a Director of the Company. There are further sections of the Articles entitled "Allotment of Shares" setting out the Board's power to issue shares and purchase the Company's own shares, and "Borrowing Powers" setting out the provisions concerning the Company's power to borrow and give security.

The Directors have been authorised to allot and issue ordinary shares. These powers are exercised under authority of resolutions of the Company passed at its AGM.

Directors' Indemnities and Insurance

The Articles of Association provide the Directors with indemnities in relation to their duties as Directors, including qualifying third party indemnity provisions (within the meaning of the Companies Acts).

The Company purchases Directors and Officers liability insurance which gives appropriate cover for any legal action brought against its Directors. This insurance also covers the Trustees of the Company's defined benefit pension scheme.

Directors' Interests

Details of all Directors' interests as at the end of the financial year are set out in the Directors' Remuneration Report on pages 56 to 78.

Dividends

In view of the coronavirus pandemic the Company paid no interim dividends and the Directors decided not to recommend a final dividend on the ordinary shares for the financial year ended 27 March 2021.

Total dividends of £120,000 relate to the cumulative preference dividends which have been paid.

External Auditors

The auditors, Ernst & Young LLP, were appointed by the Directors during the year following a formal tender process as detailed further in the Audit Committee Report on pages 51 to 55. Ernst & Young LLP have indicated their willingness to continue in office, and a resolution that they be appointed will be proposed at the AGM.

Information Required under the Listing Rules

For the purpose of LR9.8.4CR, the information required to be disclosed by LR9.8.4R can be found in the Annual Report in the following locations and is hereby incorporated by reference into this Directors' Report:

- Information about long-term incentives is disclosed in the Directors' Remuneration Report on page 60
- Any waiver of emoluments by a Director of the Company or any subsidiary undertaking is disclosed in the Directors' Remuneration Report on page 56.

Political Donations

The Group does not make political donations.

Purchase of Own Shares

At the AGM held on 10 September 2020, the Company was given an annual authority to purchase up to 4,851,096 'A' ordinary shares to be held as treasury shares to be used in connection with, among other purposes, the Long-Term Incentive Plan ("LTIP") and/or other share option schemes. Shareholders will be asked to give a similar authority to purchase shares up to 15% of the 'A' ordinary capital at the 2021 AGM.

The Company's maximum issued ordinary share capital during the year was £22,793,726 comprising 33,619,834 'A' ordinary shares, 89,052,625 'B' ordinary shares and 14,459,218 'C' ordinary shares.

During the year the Company did not purchase any shares.

6,915 'A' ordinary shares held in treasury were allocated to participants of the Savings Related Share Option Scheme, the Senior Executive Share Option Scheme and the Executive Share Option Scheme on exercise of options, generating net cash proceeds of £14,011. As at 27 March 2021, a total of 1,273,146 'A' ordinary shares and a total of 4,558,009 'B' ordinary shares are held as treasury shares.

Share Capital

Information on the Company's financial instruments, capital structure and related restrictions is given in notes 28 and 29 to the financial statements. Details of significant shareholdings are set out below.

Computershare Trustees Limited holds a total of 186,337 'A' ordinary shares on behalf of employees of the Company who are participants in its SIP. This represents 0.48% of the issued 'A' ordinary share capital (excluding shares held in treasury). In respect of the shares that have been allocated, Computershare Trustees Limited exercises voting rights in relation to those shares, having consulted with the participants about their voting intentions.

Subsequent to the year end, on 31 March 2021 the Company completed a non-pre-emptive placing of 6,455,447 new 'A' ordinary shares at 830p per share (the "Placing") and satisfied subscriptions from Directors over 13,853 new 'A' ordinary shares, generating net cash proceeds of £53,580,210.10 less costs. In conjunction with the Placing, the Company also transferred 230,094 'B' ordinary shares (including 132,528 'B' ordinary shares to satisfy applications from the Directors), generating net cash proceeds of £109,998.24 less costs. General Meetings convened on 20 April 2021 approved the issuance of this additional share capital and the 'A' ordinary shares were subsequently admitted to the main market.

Substantial Shareholdings

The Company had been notified under the Disclosure Guidance and Transparency Rules or is aware of the following holdings of voting rights of its listed issued share capital:

'A' ordinary shares of 40p each

	% of total voting rights	
	As at 27 March 2021	As at 7 July 2021
BlackRock, Inc	**13.47**	13.43
Lansdowne Partners (UK) LLP	**–**	8.40
Columbia Threadneedle	**5.37**	5.06

The Company is also aware of the following interests in 3% or more of the voting rights in the two classes of its unlisted share capital:

'B' ordinary shares of 4p each

	As at 27 March 2021	As at 7 July 2021
Mr A W M Mitchell & Burges Salmon Trustees Ltd	**14.85**	14.85
Mr R H F Fuller & Mr R I Turner & Mr P A Sheils	**7.66**	–
Mr R H F Fuller & Mr P J Turner & Mr P A Sheils	**–**	7.66
Mr A G F Fuller	**5.72**	5.74
Mr R H F Fuller & Mr P A Sheils & Mr P J Turner	**4.62**	4.62
Dunarden Limited	**3.60**	3.60
Mr R D Inverarity	**3.52**	3.48
Mr G F Inverarity	**3.48**	3.37
Mr M J Turner	**3.32**	3.37
Miss S M Turner	**3.33**	3.33
Mr R H F Fuller	**3.08**	3.08
Mr T J M Turner	**3.00**	3.00

'C' ordinary shares of 40p each

	As at 27 March 2021	As at 7 July 2021
Mr A W M Mitchell & Burges Salmon Trustees Ltd	**31.02**	31.02
Mr T J M Turner	**6.20**	6.20
Miss S M Turner	**5.25**	5.25
Mr P A R Carter & Sir J H F Fuller	**4.30**	4.30
Mr W G F Fuller	–	4.24
Mr A G F Fuller & Mr P A R Carter	**4.12**	4.12
Mrs D M St. C Turner	**3.09**	3.09
Mr C D W Williams	**3.02**	3.02
Mrs E A Crisp	**3.02**	3.02

Post Balance Sheet Events

Post Balance Sheet events are disclosed in note 33 to the financial statements.

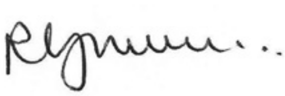
Significant Agreements

The Group has entered into a number of agreements with the major brewers operating in the UK under which it both buys and sells beers, and these agreements may be terminated by the other party should the Group undergo a change of control.

In the event of a change of control, the Company is obliged to notify its main bank lenders of such. The lenders shall not be obliged to fund any new borrowing requests and the facilities will lapse after 30 days from the change of control if terms on which they can continue have not been agreed. All borrowings including accrued interest will become repayable within ten days of such a lapse.

The service agreements of the current Executive Directors and the incoming new Finance Director include provisions regarding a change of control. Further details are included in the Directors' Remuneration Policy set out on pages 56 to 78.

By order of the Board



RACHEL SPENCER
COMPANY SECRETARY
8 July 2021

Fuller, Smith & Turner P.L.C.
Pier House
86-93 Strand-on-the-Green
London W4 3NN

Registered in England under number:
241882

Directors' Responsibilities Statement

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Annual Report, the Remuneration Report and the Group and Company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and Company for the financial period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Group financial statements are required to be prepared in accordance with international financial reporting standards ("IFRSs") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- make an assessment of the Company's ability to continue as a going concern;
- state that the Group and Company have complied with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union), subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Remuneration Report comply with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules ("DTR") and in the case of the Group financial statements, with Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Preparation of Financial Statements

The Directors confirm, to the best of their knowledge:

- that these financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company taken as a whole;
- that the Annual Report and the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors of Fuller, Smith & Turner P.L.C. are listed on pages 40 and 41.

Directors' Statement as to Disclosure of Information to Auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 40 and 41. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

Michael Turner

MICHAEL TURNER
CHAIRMAN
8 July 2021

Corporate Governance Report

MICHAEL TURNER
CHAIRMAN

"The Board recognises that good corporate governance is critical to delivering our strategy for the long-term benefit of all our stakeholders."

Dear Shareholder,

I am pleased to present our Corporate Governance Report for 2021. The Board recognises that good corporate governance is critical to delivering our strategy for the long-term benefit of all our stakeholders, while remaining cognisant that arrangements need to be appropriate for the business. With a strong heritage and as primarily a family owned company, there are some provisions in the 2018 UK Corporate Governance Code (the "Code"), which we believe are not appropriate for Fuller's. In the spirit of the Code and for transparency we have summarised these in the table on the facing page.

As described in my Chairman's Review, this year has been unprecedented and consequently the workings of the Board have had to adapt. Given the exceptional circumstances we faced, it was critical as a Board that we met more frequently. In April 2020, we moved quickly to a weekly routine of video conference calls to discuss operational, financial and liquidity matters so that we could assess the impact to the business, and provide oversight to the Executive Team.

In the Spring of 2021, the Board spent considerable time evaluating the decision to launch an equity raise. Ensuring the right balance of debt and equity capital in a business is an important part of ensuring long-term success, and after very careful and detailed discussions, the Board concluded that equity was the correct route and in the best interests of shareholders.

Meetings have continued to be held remotely for most of the year and I would like to thank my fellow Board members for embracing this new way of working and for their significant contribution during the year. Special recognition also goes to the Executive Team for its response to the Covid crisis.

Our Board Committees have also been very active during the year and helped us navigate through these extraordinary and challenging times. Further detail of their work is reported on pages 47 to 78.

Through the Nominations Committee, which I chair, we have conducted the search for a new Finance Director to replace Adam Councell, who has decided to return to the service sector. We are delighted to have announced the appointment of Neil Smith, who will join us later in the year. On behalf of the Board, I would also like to express our appreciation for the contribution Adam has made during his tenure, which covered the most remarkable period in the Company's 176 year history. He has risen well to the challenges, and we wish him every success in his future endeavours.

We had intended to conduct an externally-facilitated Board evaluation this year but, in the strange times of working remotely, it was unanimously agreed that this should be deferred until the Directors could meet in person. Consequently, our Senior Independent Director (Juliette Stacey) ran an internal process this year which concluded, despite the challenges presented by coronavirus, that the Board had performed very effectively. Our intention is that the external evaluation will take place during the current financial year, and myself and Juliette are currently conducting a selection process with potential firms to support this exercise.

I was disappointed that our AGM in 2020 had to be held as a closed meeting, but shareholders will hopefully understand that this was entirely necessary to ensure the safety of all concerned. We very much look forward to welcoming shareholders to our AGM on 23 September 2021 which, subject to any Government guidance in place at that time, will be held at The George IV in our Chiswick heartland.

MICHAEL TURNER
CHAIRMAN
8 July 2021

Statement of Compliance with the UK Corporate Governance Code 2018

The Board is committed to maintaining effective corporate governance and integrity, enabling us to deliver our strategy for the long-term benefit of all our stakeholders. With this in mind, the Company has applied the main principles of the Code throughout the year. However, given the structure of the Group – we are a public listed company but still very much a family-controlled concern – there are some provisions of the Code where we do not comply but where we do consider our governance framework remains appropriate. These are summarised in the table below.

Code Provision	Detail of non-compliance	Further information
PRINCIPLE 1: BOARD LEADERSHIP AND COMPANY PURPOSE		
5	For engagement with the workforce, the Company does not have a director appointed from the workforce; a formal workforce advisory panel; or a designated non-executive director.	Fuller's has adopted a people first approach in its response to the pandemic by engaging effectively through strong communications with its staff. The Board receives regular updates from the CEO and Director of People to ensure employee matters are understood. Normally there is also regular engagement with employees through visits to our pubs and hotels, although this has understandably been curtailed with the estate closed. Over the next year, the Board will consider whether the designation of a Non-Executive Director to provide a formal link to the Board is required.
PRINCIPLE 2: DIVISION OF RESPONSIBILITIES		
11	At least half of the Board, excluding the Chairman, are not independent Non-Executive Directors.	The Board considers that membership is well balanced with the right mix of skills and experience. The presence of Non-Executive Directors who are long-standing family shareholders is important in this professionally run family business.
PRINCIPLE 3: COMPOSITION, SUCCESSION AND EVALUATION		
18	Directors are not subject to annual re-election.	In accordance with the Company's Articles of Association, all Directors are subject to election by shareholders at the first AGM after their appointment and to re-election at three yearly intervals. As part of the annual Board effectiveness review, the performance of the Directors is evaluated and forms the recommendation in the Notice of AGM as to why the Company believes an individual director should be re-elected. In view of the Company's size, its ownership structure and its history, the Board is not minded to move to annual re-election of Directors but will keep this requirement under review.
19	The Chairman has been in post for more than nine years.	The Board considers that the Chairman's knowledge and understanding of this long-established family business and its requirements is extremely valuable.
PRINCIPLE 5: REMUNERATION		
33	The pension contribution rates for the current Executive Directors are not aligned with those available to the workforce.	The pension rate for the current Executive Directors represents an existing contractual commitment and their overall pay is towards the lower end of market practice. The Board wishes to honour these contractual entitlements and does not consider it appropriate to make a reduction. Under the Remuneration Policy approved by shareholders in 2020, the pension opportunity for new Directors (which includes Neil Smith, the incoming new Finance Director) is in line with the policy for the majority of the workforce.

Further information on the Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

The Board

Role and Workings of the Board

Led by the Chairman, the Board is collectively responsible to the shareholders for the performance and long-term success of the Group, as well to other stakeholders for the wider impact we have. Its role includes the establishment, review and monitoring of the Company's strategy, approval of major acquisitions, disposals and capital expenditure, setting the Company's purpose and values, overseeing the Group's systems of internal controls, governance and risk management, and ensuring that the appropriate resources are in place to deliver these.

A formal schedule of matters reserved for the Board is in place. The Board has delegated some of its responsibilities to mandated Committees, each of which operates under written terms of reference approved by the Board and which are available on the Company's website. All Committee Chairs report orally on the proceedings of their Committees at the next meeting of the Board, and the

Corporate Governance Report continued

minutes of the meetings of all Board Committees (with some exceptions on remuneration matters) are provided to Board members.

The Board delegates all operational matters and execution of the strategy to the Executive Team (which includes the Executive Directors, the Marketing Director, the People and Talent Director, and the Property Director). The Chairman ensures that the Executive Committee provides accurate and timely information for Board meetings which is then open to debate and challenge by all.

Board meetings enjoy open dialogue and constructive challenge on all issues is encouraged. With a good information flow between and prior to Board meetings, decisions are made in a timely manner after appropriate questions are dealt with. The Board has adopted a procedure, in accordance with the Company's Articles, to consider and, if it sees fit, to authorise situations were a Director to have an interest that conflicts, or may possibly conflict, with the interests of the Company.

Board Meetings and Activities

Normally the Board meets formally at least six times, but additional meetings had to be held this year to review the impact of the coronavirus. At the start of the pandemic, the Board met weekly and meetings moved to an online format. Meetings have continued to be held online throughout the year but going forward with restrictions lifting it is intended that meetings will be held at the Group's new registered office, Pier House, and also within the retail estate.

The process for agreeing the agenda is managed by the Company Secretary in consultation with the Chairman. Papers are distributed a week in advance via a secure online portal. If required, the Board considers matters on an ad hoc basis between scheduled meetings.

At Board meetings, the agendas cover projects, analysis of the market in which the Group operates and performance. Each of the Executive Directors and the Company Secretary also provide updates to the Board on matters for which they are responsible. The Board is responsible for approving the annual budget and the annual and half year results. Of course, much of the discussion this year has focused on the impact of the coronavirus pandemic and to address the challenges posed by the enforced closure of the business. Considerable time was spent evaluating the decision to launch an equity raise and to deal with the Company's refinancing.

At the start of 2021, a programme of presentations from members of the Executive Team and senior management was resumed. The programme gives the Board exposure to talent in the business while also providing an opportunity to engage in the key areas being worked on and the agreed strategic projects. Presentations have included information about the customer journey and digital transformation, our people strategy and our ESG strategy. These sessions also enable the Board to provide feedback and guidance to the individual presenting.

In addition to scheduled meetings, the Board also meets every year for an in-depth review of the Group's strategy which includes, among other things, discussions about market trends, consumer market, competitor landscape and capital structure. This session is normally held offsite within one of our venues in the Estate but in light of the pandemic this was not possible. Members of the Executive Team joined the Board to provide their views on the strategy and while the pandemic may have altered some short-term tactical activity that delivers this strategy, the Board agreed that the overarching principles were unchanged.

The Non-Executive Directors from time to time meet with members of the senior management team and also spend days out in the trade with individual members of that team. This helps to keep Non-Executive Directors up to date with the operations of the Group and also provides the Executive Directors and senior management with valuable feedback about the Company's people and its operations.

As well as the dialogue within the boardroom, the Non-Executive Directors meet privately, under the leadership of the Senior Independent Director, without the Executive Directors present. They also meet with the Chairman and the Chief Executive on a regular basis. These meetings allow for the review of issues faced by the business, the continuation of dialogue on strategic issues, the discussion of Board appointments when appropriate, succession planning, and the provision of support to the Chairman and the Chief Executive in their roles.

Board Committees

The Audit Committee

The Audit Committee monitors the integrity of the financial reporting for the Company, manages the relationship with the external auditors, and oversees the effectiveness of the risk management and internal control systems. Its members are all independent Non-Executive Directors. The Audit Committee's report for the year is set out on pages 51 to 55.

The Remuneration Committee

The Remuneration Committee sets the Remuneration Policy for the Chairman and the Executive Directors, and it also reviews the remuneration framework for other senior management. Its members are all independent Non-Executive Directors. The Remuneration Committee's report for the year is set out on pages 56 to 78.

The Nominations Committee

The Nominations Committee is chaired by Michael Turner and the other members are all independent Non-Executive Directors. Juliette Stacey and Helen Jones have served during all of the year and, following approval by the Board, Robin Rowland joined the Committee on 25 January 2021.

The Committee is responsible for leading the process for appointment of Directors, for approval by the Board, although the full Board will also typically informally discuss Board and senior management appointments.

After a competitive process the Nominations Committee approved the appointment of Spencer Stuart to support the search for a Finance Director. Potential candidates were identified and the CEO and People and Talent Director met with them for initial interview. Short-listed candidates were then invited to meet the Chairman and other members of the Nominations Committee, as well as the Executive Team. Having considered feedback from these meetings and his breadth of financial and sector experience, the Nominations Committee recommended the appointment of Neil Smith to the Board.

Whilst the Board is alert to the need to ensure diversity in all its forms is promoted, the Board believes appointments should be made on merit and does not want to adopt targets that may affect its ability to make the right decision for the business and all its stakeholders. As and when Board vacancies arise and, should the support of an executive search firm be required, the Board and the Nominations Committee will ensure that it only uses firms that have signed up to their industry's Voluntary Code of Conduct. Further information on gender diversity across the business can be found in the Corporate Social Responsibility report on page 38.

Attendance at Board and Committee Meetings

The table above shows the attendance of Directors at Board and Committee meetings held during the year under review.

The Board believes that all of its members have sufficient time to discharge their duties effectively. All Directors are required to seek permission before accepting any external appointments, therefore Board members are kept fully aware of their colleagues' other commitments.

Composition and Balance of the Board

The Chairman is responsible for leading the Board and ensuring its effectiveness and openness, and that shareholders are kept well informed. The Chairman does not have any commitments which constrain his ability to fulfil his role. Simon Emeny, the Chief Executive, is responsible for all operational aspects of the Group.

During the period, Adam Councell announced he would be leaving the Company later this year following an orderly handover. Neil Smith will join as the new Finance Director no later than 1 December 2021.

On appointment, new Directors undertake a tailored induction programme.

Attendance 2020/21

Director	Board[1]	Audit Committee	Nominations Committee[2]	Remuneration Committee
Michael Turner	28/28	–	1/1	–
Simon Emeny	28/28	–	–	–
Adam Councell	27/28	–	–	–
Fred Turner	27/28	–	–	–
Sir James Fuller	28/28	–	–	–
Richard Fuller	28/28	–	–	–
Helen Jones	28/28	11/11	1/1	8/8
Robin Rowland	28/28	11/11	–	8/8
Juliette Stacey	28/28	11/11	1/1	8/8

1 Includes scheduled and ad hoc meetings, including weekly meetings held in response to the Covid-19 pandemic.
2 Robin Rowland was appointed as a member of the Nominations Committee on 25 January 2021.

The Company has six Non-Executive Directors of which three – Michael Turner, Sir James Fuller and Richard Fuller – are family members. The other three Non-Executive Directors, all of whom are deemed independent under the Code, are experienced business leaders, and collectively all of the Non-Executives bring a wide range of skills and experience to the Board. Although the Board (excluding the Chairman) does not comprise at least half independent Non-Executive Directors, the Board considers it is well balanced as it has the right number of members for the size of the Group with representation of the founding families on the Board being considered very important in a company with a high proportion of family shareholders. The Directors agree that no one individual dominates discussions and that each makes a full and positive contribution.

The Directors' biographies are on pages 40 and 41. Juliette Stacey is the Senior Independent Director. The Senior Independent Director offers support and advice to the Chairman and all the other Board members; is in regular dialogue with all Board members outside of Board meetings and co-ordinates the views of the Non-Executive Directors as and when required. All of the independent Non-Executive Directors are determined by the Board to be independent in character and judgement and there are no relationships or circumstances which could affect or appear to affect their judgement; all are appointed for specified terms. The details of the Non-Executive Directors' respective arrangements are as set out in the Directors' Remuneration Report on pages 56 to 78 and are available for inspection at the Company's registered office.

Succession Planning

The Board continues to see succession planning as a key issue for a business that has very low turnover amongst its senior management and is still very much a family-controlled concern whilst also being a public listed company.

Succession planning and the development of talent is an ongoing activity regularly discussed by the Board and the Executive Team and there is a clear plan in place for the succession of key roles. Talented and "critical to retain" individuals are identified and each individual has their own development plan, owned by the individual and supported and overseen by their leader and the People & Talent team. Development plans are grounded in data from assessments and feedback, and external partners and experts are engaged to support development where required.

Advice for the Board

There is a procedure in place under which Directors can obtain independent professional advice. The Directors also have access to the advice and services of the Company Secretary whose appointment and removal is a matter for the whole Board. The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with. The Directors are satisfied that any concerns they raise at Board meetings are recorded in the minutes. The Company maintains appropriate insurance cover in respect of legal action against its Directors and Officers.

Corporate Governance Report continued

Professional Development

Directors are encouraged to attend training courses, industry forums and specialist briefings relevant to their role throughout the year. Occasionally, specialists such as the Company's legal advisors join a Board meeting to brief the Board on a particular topic. Executive Directors are permitted to hold one other paid directorship, with the Board's consent, as the Board believes that experience of how other boards work enhances the Directors' contribution to Fuller's.

Board Evaluation

The Company was due to undertake an externally-facilitated evaluation this year but, in light of the impact of Covid-19, it was decided that an internal process would be conducted by the Senior Independent Director. An externally-facilitated evaluation will take place next year and a process to select a firm to help with this exercise is currently underway.

This year, the Directors completed a questionnaire covering the performance of the Board as a whole and the Board committees, the effectiveness of the Executive Directors and Non-Executive Directors, key learnings from the year in question and considerations for future areas of focus. The Senior Independent Director also met with each Director individually to discuss their feedback and performance over the year and, following review with the Chairman, the findings were presented to the Board.

Overall, feedback was positive and demonstrated that the Board and each of its committees had performed effectively in dealing with both day-to-day and ongoing strategic issues during a very challenging period. The Board recognised the contribution and efforts of the Executive Team through the coronavirus pandemic. Areas highlighted for enhancement included:

- Continuing with more frequent informal contact between Board meetings established in response to the coronavirus pandemic
- Reestablishing regular formal and informal Board visits to the wider business as restrictions ease and increasing the contact between Board members and employees
- Supporting succession planning below Board level and developing a strong diverse talent pipeline.

Board Re-election

The Articles of Association of the Company ensure that all Directors are subject to election by shareholders at the first AGM after their appointment and to re-election at three yearly intervals.

Relations with Shareholders

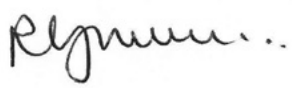
The Company has an ongoing programme of individual meetings with institutional shareholders, allowing it to update shareholders on the performance of the business and the strategy for the future, and to give them an opportunity to discuss corporate governance matters. The Company's brokers also contact key shareholders to establish if they would like to see the Chief Executive and Finance Director in the days following the presentation of the preliminary and half year results. The Chairman, Richard Fuller and Sir James Fuller are the key contacts with the Company's family shareholders and Sir James Fuller has a specific role to keep in touch with those shareholders. The Senior Independent Director and the other Non-Executive Directors are all willing to attend meetings with shareholders or to be contacted by shareholders should they have any concerns which have not been resolved through the normal channels. The Non-Executive Directors have had no such requests during the last financial year. All Board members receive feedback from the results presentations and meetings with shareholders, enabling them to keep in touch with shareholder opinion.

The Board supports the use of the AGM to communicate, in particular, with private investors, and the Chairman and Chief Executive make a detailed presentation to shareholders updating them on the Company's performance and progress. The Board is keen to encourage institutional investors to attend the meeting, in line with the duties set out in the Stewardship Code for institutional shareholders. Should they have concerns over any issues being voted upon at the AGM, they can then meet all the Directors and discuss them in person, particularly if they have declined an invitation for an individual meeting. The Chairman arranges for the Chair of each of the Company's Board Committees to answer relevant questions at the meeting and encourages all Directors to be present.

In light of the ongoing risks of Covid, we held the 2020 AGM as a closed meeting to ensure the safety of all concerned. Shareholders were invited to submit questions on any matters related to the AGM prior to the meeting and answers were posted on the Company's website afterwards. The Board plans to hold the 2021 AGM as normal this year on the basis that all restrictions will have been lifted by the time of the meeting, and preparations are being made for a physical meeting to be held on 23 September 2021 at The George IV, subject of course to any Government guidance in place at the time.

Details of the engagement process with shareholders regarding the new Directors' Remuneration Policy can be found in the Directors' Remuneration Report on page 66.

By order of the Board



RACHEL SPENCER
COMPANY SECRETARY
8 July 2021

Fuller, Smith & Turner P.L.C.
Pier House
86-93 Strand-on-the-Green
London W4 3NN

Audit Committee Report

JULIETTE STACEY
CHAIR OF THE AUDIT COMMITTEE

"The fundamentals of our risk management and internal control framework have been subject to close scrutiny during the ongoing closure of the estate."

Statement of the Audit Committee Chair

Dear Shareholder,

I am pleased to present the Audit Committee Report for the year ended 27 March 2021.

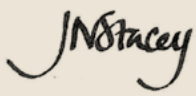
As reported last year, we identified coronavirus as an emerging risk and whilst our core duties have remained unchanged, it has been necessary to flex our programme of activities and consequently meet more frequently than normal. In particular, the fundamentals of our risk management and internal control framework have been subject to close scrutiny during the ongoing closure of the estate and given the uncertainty of the impact of the pandemic on our business. During the year, we were pleased to welcome a new Head of Finance Transformation and Risk, Ian Namey. Ian has helped us implement changes to strengthen our approach to the annual risk assessment, and supported a comprehensive review of our risks, as well as implementing a framework which we can use to assess and enhance the control environment.

A key area of work for the Audit Committee this year has been the audit tender process which resulted in the appointment of Ernst & Young LLP. I led this process on behalf of the Audit Committee, but would like to thank my fellow Committee members and the wider finance team for their support. Given the engagement of a new audit firm, it seemed an appropriate time to summarise arrangements around independence and objectivity, and this has now been formalised into a written policy. The formal appointment of Ernst & Young LLP will be proposed at the AGM, but we have been delighted with their support during the year end and look forward to developing this relationship.

During the year, we received a letter from the Financial Reporting Council noting that the Company's 2020 Annual Report and Accounts had been included in their thematic review of corporate reporting on cash flow statements and liquidity disclosures. We were pleased to note that the FRC had no specific questions to raise but, in response to points they highlighted, we have reviewed our disclosures and for those areas which are still relevant this year we have made a number of changes to enhance reporting so that it is clearer and more concise.

Looking ahead to the next year, we will monitor closely the roll out of the new finance system which the Company has identified as more suitable for the business following the sale of the Brewery, reviewing both the robustness of financial reporting from the system and simplification of internal controls management. IT security will also be an area of focus given the increased risk from cyber attacks, and we intend to conduct a deep dive into the controls in this area to help mitigate these threats.

I will be attending the AGM on 23 September 2021 and I look forward to answering any questions about the work of the Audit Committee then.



JULIETTE STACEY
CHAIR OF THE AUDIT COMMITTEE
8 July 2021

Audit Committee Report continued

Committee Membership
The Committee comprises three independent Non-Executive Directors and has a good balance of skills, with competence and experience in the sector in which Fuller's operates. The Chair of the Committee is a Chartered Accountant and has a broad range of experience in senior finance roles, and she is therefore considered to meet the requirement under the Code that at least one member should have recent and relevant financial experience. The Committee is advised internally by the Company Secretary, Rachel Spencer (Séverine Béquin until 8 January 2021), who also acts as secretary to the Committee.

Meeting Attendance
Attendance of Committee members at scheduled meetings throughout the year is set out on page 49. The Committee normally meets fours time a year but, given the unprecedented year, we have held eleven meetings. As well as the additional rigour needed around risk management with the entire closure of the business, the formalities of the FY20 audit process required added attention.

All meetings are attended by the external auditors and the Company Secretary, and regular attendees include the Chairman, Chief Executive and the Finance Director. Members of the finance and risk management team also attend relevant meetings at the Committee Chair's request, and reports are received on occasion from other members of the management team as required by the agenda.

The Audit Committee meets at least once a year with the external auditors, without management present, to discuss any matters they may wish to raise. The Audit Committee Chair also meets separately with the Finance Director and auditors outside of the formal meeting programme which helps to identify key areas of focus and emerging issues that may need to be added to the Audit Committee's agenda.

Responsibilities
The Audit Committee's responsibilities are outlined in its terms of reference. These were reviewed following the year end, including an assessment of how the Audit Committee had discharged its responsibilities during the year. The revised terms of reference can be found on the Company's website.

The principal responsibilities of the Audit Committee are to review the integrity of the financial reporting for the Group (including managing the relationship with the auditors) and to oversee the effectiveness of the risk management and internal control systems.

Key Activities
The Audit Committee has a detailed meeting planner which sets out the key items to be covered at its scheduled meetings which includes reviewing the financial statements and announcements, monitoring changes in accounting practices and policies, and reviewing decisions with a significant element of judgement.

At each scheduled meeting an update on risk management is presented, together with reports on compliance with anti-bribery procedures and data protection. In light of Covid-19 and the entire closure of the business, there has been even greater rigour around potential risks arising from the ongoing uncertainty. In 2021, the Audit Committee received an update regarding the increasing risk of allergens and was pleased to note the continued adherence to procedures already in place to mitigate this risk, together with the new areas of enhancement being considered to ensure controls remain appropriate.

The Audit Committee keeps abreast of regulatory and governance developments as part of ongoing reporting from the auditors. Specific areas of interest are scheduled separately and in 2021 a member of the auditors' Regulatory & Public Policy team gave a presentation to the Committee on audit reform proposals being considered by the Government.

The effectiveness of the Audit Committee formed part of the Board evaluation process described in the Corporate Governance Report on page 50.

Financial Reporting and Significant Judgement
The Audit Committee monitors the integrity of the financial information published in the interim and annual financial statements and considers the extent to which suitable accounting policies have been adopted, presented and disclosed.

During its review of the Group's financial statements for the period to 27 March 2021, the Audit Committee has reviewed the key judgements applied in the preparation of the consolidated financial statements, including those communicated by the auditors during their reporting. These are described in the accounting policies detailed in note 1 to the financial statements. The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements.

The key issues and judgements considered by the Audit Committee are detailed in the accompanying table:

Key accounting judgement	How the issue was addressed
Going Concern	The Audit Committee considered the appropriateness of the going concern assessment and associated judgements around material uncertainties. The Audit Committee reviewed the scenarios and mitigations available to the Group as disclosed in note 1 and is satisfied the disclosures are appropriate.
Impairment Testing of Intangible Assets, Right-of-Use Assets and Property, Plant and Equipment	The Audit Committee considered the proposed impairment of property assets, right-of-use assets and goodwill for both the Half Year Report and the Annual Report. The Audit Committee was satisfied with the approach presented by management and the judgements made for those properties at risk of impairment.
Deferred tax	Deferred tax accounting on property, plant and equipment is a complex area and a number of judgements are required to determine the value. Deferred tax can be recognised on pubs based on disposal, in-use or a dual basis and a number of different inputs need to be considered to calculate this such as fair value uplifts, rolled over gains and indexation. A prior year adjustment to deferred tax liability has been recognised in respect of an understatement in the base cost recoverable on a sales basis. The Audit Committee is satisfied that after the adjustment was made to the opening balance, the judgements that management applied in the current year are appropriate. The Audit Committee has also considered whether sufficient disclosures have been made in the Annual Report for the prior year restatement and is satisfied they have been.
Separately Disclosed Items	The Audit Committee considered the nature of items classified as “separately disclosed items” in the financial statements. The Audit Committee was satisfied that the items management proposed to be shown as separately disclosed items were not linked to the underlying trading of the Group. Separately disclosed items include: • costs relating to the corporate reorganisation of the Group, specifically the hive up of the trade and assets of Bel & The Dragon and Cotswold Inns & Hotels, the ending of the transitional services arrangement with Asahi and restructuring due to the coronavirus pandemic • profit or loss on property disposals • impairment on properties, right-of-use assets and goodwill • net interest expense on the Group’s defined benefit pension plan. In addition, the Audit Committee reviewed these disclosures within the 2021 Annual Report and Accounts to ensure they clearly identified and reconciled to the relevant GAAP measure.
Pension Accounting	The pension liability is sensitive to the actuarial assumptions applied in measuring future cash outflows. The use of assumptions such as discount rate and inflation, which have an impact on the valuation of the defined benefit pension scheme, was assessed by the Audit Committee. The Audit Committee was satisfied with the proposed accounting treatment and disclosures of the Group’s defined benefit plan in the financial statements.

Going Concern and Viability Statement

The Audit Committee assessed the going concern and viability reviews undertaken by management as detailed in the Financial Review on pages 25 and 26. This involved looking at potential revenues, costs and cash flow modelling on both a prudent base case and stress case scenario where there was much greater uncertainty. The Committee was satisfied with the approach presented by management including the judgements made in the estimation of future cash flows and the Group’s financing, and considering the high proportion of freehold property that underpins the estate.

Fair, Balanced and Understandable

The Audit Committee reviewed whether the 2021 Annual Report, taken as a whole, was fair, balanced and understandable and also whether it provided the information necessary for shareholders to assess the Company’s position and performance, business model and strategy. In making its assessment the Audit Committee took the following into account:

- A timetable for the production of the 2021 Annual Report was agreed by the Finance Team and the auditors, with overall co-ordination of the report being overseen by the Finance Director
- Each section of the report was prepared by a member of management with appropriate knowledge and experience, including representatives from finance, communications, company secretariat and risk
- Management’s views on each of the key judgements which were then discussed by the Audit Committee
- Reports and feedback from the auditors which were presented to the Audit Committee
- Board members received drafts of the report for review which provided an opportunity to provide comments and ensure messaging was cohesive.

Audit Committee Report continued

Following its review, the Audit Committee confirmed to the Board that the 2021 Annual Report was fair, balanced and understandable, and the Board's statement is set out on page 45.

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and management of risks and reviewing its effectiveness. The system was designed to provide reasonable but not absolute assurance of:

- the mitigation of risks which might cause the failure of business objectives
- no material misstatements or losses
- the safeguarding of assets against unauthorised use or disposal
- the maintenance of proper accounting records and the reliability of financial information used within the business or for publication
- compliance with applicable laws and regulations.

The Directors' statement on the Company's system of internal controls is set out below.

Early in the year the Committee discussed the Company's risk management process and took the opportunity to do a full refresh of the risk register. This included a bottom up review of risks across all departments, revising or reconfirming ownership and updating mitigating actions and controls. This gave the Committee increased confidence in the risk processes within the Group. Any significant changes to risks were discussed in each subsequent Committee meeting.

In addition, during the year a selection of key risks were presented to either the Audit Committee or the Board. This has included risks around business continuity with the closure and reopening of the business due to Covid, assessment of risks around our people and the approach to simplifying and solidifying our supply chain.

Looking forward, the delegation of authorities is being updated for full implementation with the new finance system, and the commencement of a focused review on cyber security is being initiated.

The Group maintains business continuity plans and tests these plans on an annual basis, usually towards the end of the financial year. Due to the coronavirus pandemic and the closure of the estate for much of the year, it was not possible to carry out the annual exercise for the financial year ended 27 March 2021. The Board and Audit Committee consider the rapid and thorough response to the pandemic by the Executive Team, and the broader management team, as solid evidence of the effectiveness of existing disaster recovery and business continuity plans.

Management within the Finance Department are responsible for the appropriate maintenance of financial records and processes that ensure all financial information is relevant, reliable, in accordance with the applicable laws and regulations, and distributed both internally and externally in a timely manner.

The scoping, tendering and implementation of a new central finance system, which will go live during the new financial year, has been an area of focus for the Finance Department during this financial year.

Throughout the period, the Executive Directors provided relevant and timely financial commentary to the Board to supplement the financial reporting, ensuring the Board and the Audit Committee were informed of the financial position and results of the Group.

The Board and Audit Committee have considered the effectiveness of the Group's system of internal control, taking account of material changes in the operations of the Group following the coronavirus pandemic, the implementation of the Coronavirus Job Retention Scheme and the Group's various reopening plans that have been required at various points during the year and again after the year end.

Key elements of the system of internal control designed to address significant risks and uncertainties, as documented on pages 28 to 30, include:

- clearly defined levels of responsibility and delegation throughout the Group, together with well-structured reporting lines up to the Board the preparation of annual budgets for each division, including commentary on key business opportunities and risks, approved by the Executive Team and further reviewed by the Board on a consolidated basis
- the reviews by the Executive Team of actual monthly results against budget, together with commentary on significant variances and updates of both profit and cash flow expectations for the year
- in addition, due to the exceptional circumstances of this year, weekly reviews of performance of both profit and cash flow during periods of reopening
- a detailed investment approval process requiring Board authorisation for all major projects
- post-implementation appraisals of major capital expenditure projects
- regular reporting of legal and accounting developments to the Board
- regular review of the Group's risk register and discussion of significant risks by the Board and Audit Committee, which among other things take account of the significance of environmental, social and governance matters to the business
- monitoring of accident statistics and the results of health and safety audits.

The Group does not have a formal internal audit function. The Group employs a team of retail business auditors who monitor, in particular, the controls over stock and cash in the Managed Pub estate, Bel & The Dragon sites, Cotswold Inns & Hotels and, until their sale, The Stable sites.

Relevant management attend meetings of the Audit Committee to discuss the issues being addressed. Clearly, with the business closed, these reviews were curtailed but a programme of activities has now been resumed. After consideration, the Audit Committee has confirmed that the existing arrangements for internal audit remain appropriate. Management may from time to time augment the internal audit resource with specialist external resources. External expertise is also used if assurance is required on any areas of risk or controls where the Committee considers the business may be exposed. This year this included an external review of the CJRS claim and looking forward external expertise will be used to support our cyber security review.

Whistleblowing

The Audit Committee is responsible for reviewing the adequacy and security of the Company's arrangements for employees and contractors to raise concerns about any possible improprieties relating to financial reporting or other matters.

Since the year end, the Audit Committee has reviewed and updated the Company's Whistleblowing Policy. To complement the internal processes already in place, a mechanism for concerns to be raised anonymously, rather than just in confidence, has been implemented through the appointment of an independent whistleblowing service operated by Safecall. Employees are being notified of the new arrangements through the Company's online training and communications platform.

Any whistleblowing reports are reported to the Audit Committee and, at least annually, to the Board. Following the reopening of the business, a standing report to the Audit Committee on employee relation matters has been resumed to provide insight to any trends within the business.

External Audit

As reported last year, the Audit Committee decided to review the external audit appointment and conducted a competitive audit tender process. A number of firms were invited to tender, and shortlisted firms presented their proposals to the Audit Committee Chair and the Finance Director. Before the final recommendation to the Board, all other members of the Committee, the Chairman and the CEO met the potential engagement partner of the preferred firm.

Following careful consideration, the Audit Committee recommended the appointment of Ernst & Young LLP ("EY") to conduct the audit of the Group's financial statements for the financial year to 27 March 2021. Their sector experience was recognised as particularly valuable. Grant Thornton UK LLP subsequently resigned.

The auditors are invited to attend all meetings of the Audit Committee and report on the plan and approach for the full year audit and half year review.

The Audit Committee Chair meets the auditors on a regular basis during the year and the Audit Committee meets with the external auditors, without management present, at least annually in order to allow both Audit Committee members and the auditors to raise any issues directly and to discuss the auditors' remit.

The Audit Committee reviewed the effectiveness of EY's performance of the external audit process taking into account:

- the quality and scope of the audit plan, and evaluation of delivery and performance against the plan
- qualifications, efficiency and performance of the audit team
- the communication between the Company and EY
- EY's understanding of the Group's business and industry sector
- the results of the FRC's Audit Quality Inspection Report on EY.

After considering these matters, the Audit Committee was satisfied with the effectiveness of the year end audit process and recommended to the Board that EY should be proposed for formal appointment at the Company's AGM on 23 September 2021.

During the year, the Company complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014.

Auditor Independence and Non-Audit Services

Auditor independence and objectivity are safeguarded by a number of control measures and, in light of the appointment of EY, the Audit Committee decided it was an appropriate time to summarise arrangements into a formal written policy (the "Policy"). The Policy was approved in January 2021 and sets out processes for assessing independence and objectivity, including disclosure requirements of the auditors, restrictions on the employment of the auditors' former employees and the circumstances in which the auditors may be permitted to undertake non-audit services.

The Policy is in line with the recommendations set out in the FRC's Guidance on Audit Committees and the requirements of the FRC's Revised Ethical Standard 2019 (the "Standard"). In respect of non-audit services, only a very short list of non-audit services is now permitted under the Standard, which are detailed in the Policy. Previously, authority was delegated to the finance team to authorise spend with the auditors for non-audit items up to £50,000, but under the Policy all spend now has to be approved by the Audit Committee which ensures full visibility.

In 2021, the fees paid to EY for audit services were £405,000 including £95,000 for non-recurring audit services. There were no non-audit services fees paid during the year.

JULIETTE STACEY
CHAIR OF THE AUDIT COMMITTEE
8 July 2021

Directors' Remuneration Report

HELEN JONES
CHAIR OF THE REMUNERATION COMMITTEE

"After careful consideration the Remuneration Committee is planning to grant a one-off Recovery LTIP Award in 2021 to incentivise management to re-build the business and profit levels following the Covid-19 pandemic."

Statement of the Remuneration Committee Chair

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Report for the 52 weeks ended 27 March 2021, which includes our revised Directors' Remuneration Policy ("Policy") which will be put to shareholders for approval at the AGM on 23 September 2021.

The last year has been an extremely difficult one for the hospitality sector. The outbreak of Covid-19 has had a significant impact on the business with pubs closed for a considerable portion of the last financial year and the early part of this financial year. From the start of the first lockdown until 12 April 2021 our pubs, on average, will have been open on only 27% of the 388 days. During lockdown cash burn was c.£4-5 million per month. All of our sites are now open but we are operating at a much-reduced capacity in line with government guidance.

In light of the impact of the pandemic on the business and to support the management of costs, the Executive Directors and other Board members volunteered to reduce their salaries by 25% between 1 April 2020 and 30 June 2020 and as I reported last year no annual bonus was paid for FY2020, despite part of the performance targets being met.

The Remuneration Committee ("the Committee") and the Executive Directors agreed that, given the closure of the business and our reliance on government support, no annual bonus plan would operate for FY21. Stretching adjusted EPS growth targets set for 2018 LTIP awards were not met and therefore this award will lapse.

Fuller's is primarily a family owned business and this ethos is integral to our decision making. Throughout the closure of the business, the physical and mental well-being of our people and their families has been of paramount importance to the Board and all our decisions have been made with them at the centre of our thinking. We were the first company to suspend rent for our Tenants during periods of closure which was very well received. For our teams in our Managed Pubs and Hotels, and in the Support Centre, our People Team has provided access to emotional and financial support for team members. This has been cascaded through our digital communication system and has included regular video messages from the Chief Executive, as well as access to support on offer from the Licensed Trade Charity. We also provided supermarket vouchers for those of our teams most impacted during the tough third lockdown and provided Fuller's vouchers to team members who volunteered in their local communities while furloughed by way of thanks. A number of webinars have also been hosted to impart more detailed information and these became a regular fixture just prior to each reopening. The success of these webinars has cemented their place in our communications toolkit and is a positive learning that we will take forward.

Recovery LTIP Award

In light of the challenges the business faces, the Board is concerned about the motivation and retention of the Executive Directors and is therefore intending to grant a one-off Recovery LTIP Award in 2021 to incentivise management to rebuild the business and profit levels. This award will be in addition to the normal LTIP award.

The Recovery LTIP Award will vest based upon the achievement of stretching EBITDA targets for FY24 which are aligned with delivering a full recovery of the business. The Committee has selected Group EBITDA (excluding IFRS 16) as the sole measure of performance for the Recovery LTIP as it strongly incentivises operational recovery throughout our business and provides strong line of sight for management. Following the end of the performance period, vested shares will be subject to a holding period for two years. For Executive Directors, the award will have a value of 250% of base salary. Other senior executives will also participate in the plan receiving lower levels of award.

It is intended that the Recovery LTIP Award will be granted under the existing LTIP rules and will be subject to the same terms around discretion to override formulaic outcomes, malus and clawback and leavers. We will be seeking shareholder approval for a revised Directors' Remuneration Policy and for an amendment to our LTIP Rules to enable us to grant this Recovery LTIP Award following the AGM.

Other reward elements

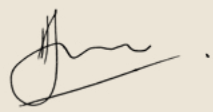
Base salaries for Executive Directors will be increased by 2% in line with the increase for the wider workforce. For FY22 the maximum annual bonus will continue to be 100% of base salary with the annual bonus based 70% on Group EBITDA performance and 30% based on individual strategic performance. For FY22 the maximum LTIP award will continue to be 125% of base salary for the CEO and Retail Director based on the achievement of EPS performance for FY24.

Finance Director's Remuneration arrangements

As announced on 11 June 2021, Neil Smith will be joining us as our new Finance Director at a date to be confirmed, but no later than 1 December 2021. His salary has been set at £352,500 per annum. We appreciate this salary is above the salary for the former Finance Director, however, it is positioned some way below the salary he received in his previous role of £430,000. Neil will receive a pension of 5% of base salary in line with the pension received by the majority of our wider workforce and in line with our Directors' Remuneration Policy. His maximum annual bonus opportunity will be 100% of base salary and he will be eligible to receive an annual LTIP award of 100% of base salary. He will also be eligible to participate in the Recovery LTIP on a pro-rata basis.

Adam Councell will step down from the Board and his role of Finance Director later in the year. He will not receive any payment in lieu of notice. Adam will not be entitled to participate in incentive arrangements in respect of FY22 and all his outstanding LTIP and ESOS awards will lapse.

The Committee strongly believes that the Recovery LTIP Award is critical to support the business in recovery from the significant impact of the pandemic and we hope that you will support our revised Directors' Remuneration Policy, the amendment to the LTIP Rules and our Annual Remuneration Report at the 2021 AGM on 23 September 2021.



HELEN JONES
CHAIR OF THE
REMUNERATION COMMITTEE
8 July 2021

Directors' Remuneration Report continued

Report on Directors' Remuneration Policy

The following table sets out our Remuneration Policy for Directors (the "Policy"). This policy will be put forward to shareholders for their binding approval at the Annual General Meeting to be held on 23 September 2021 and will apply to payments made from this date.

In developing this Policy, the Committee has considered the key principles set out in Provision 40 of the UK Corporate Governance Code. The Committee believes that our Policy is clear and transparent and aligned with our culture. In normal years we operate a simple incentive framework of an annual bonus and a LTIP only. Award levels are capped with payout linked to performance against a limited number of measures which are well linked to our strategy. Stretching but fair targets are set. This ensures that potential reward outcomes are clear and aligned with performance achieved, with the Committee having the discretion to adjust pay-outs where this is not considered to be the case.

Pay levels are set taking into account external market levels as well as internal practice to ensure pay remains competitive while being equitable within the Company. Malus and clawback and discretion provisions, LTIP holding periods and shareholding guidelines, including post-employment, are in place to mitigate reputational and other risks.

Further details regarding the operation of the Policy for the current financial year can be found on pages 64 to 68. Details of how the previous Policy was applied for the financial year ended 27 March 2021 can be found on pages 68 to 78.

Executive Directors ("Executives")

Element	Purpose and how the element supports the short and long-term strategic objectives of the Company	Operation	Maximum opportunity	Performance measures
Base Salary	To recruit, retain and reward high calibre Executive Directors to deliver the Company's strategy. The salary will reflect each role, the importance of that role to the business and the experience the individual brings to it.	The Committee sets base salary taking into account: • the individual's skills, experience and their performance • salary levels at other companies of a similar size and complexity • pay and conditions elsewhere in the Group. Any salary increases are normally effective from 1 June.	Whilst there is no maximum salary, increases will normally be in line with the typical increases awarded to other employees in the Group. However, increases may be above this level in certain circumstances such as: • where an Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role, larger increases may be awarded to move salary positioning closer to typical market level as the Executive Director gains experience • where an Executive Director has been promoted or has had a change in responsibilities • where there has been a significant change in market practice or the size and complexity of the organisation.	Not applicable.

Element	Purpose and how the element supports the short and long-term strategic objectives of the Company	Operation	Maximum opportunity	Performance measures
Benefits	To recruit and retain Executive Directors by providing competitive benefits which also protect Executives and provide preventative care for them.	The Company offers Executives a range of benefits which include: • car allowance • life assurance • private medical insurance • subscriptions to professional bodies or other relevant organisations • regular medical check ups • permanent health insurance. Executive Directors may participate in the Share Incentive Plan or Savings Related Share Option Plan or any other all-employee plans on the same basis as other eligible employees up to HMRC-approved limits. The Committee may introduce other benefits if it is considered appropriate to do so. Executive Directors shall be reimbursed for all reasonable expenses and the Company may settle any tax incurred. Where an Executive Director is required to relocate to perform their role, the appropriate one-off or ongoing benefits may be provided (e.g. housing, schooling, etc.).	The cost of the provision of allowances and benefits varies from year to year depending on the cost to the Company and there is no prescribed maximum limit. However, the Committee monitors annually the overall cost of the benefits provided, to ensure that it remains appropriate.	Not applicable.
Annual Bonus	To incentivise Executive Directors to deliver performance in line with the Group strategy and to align their interests with those of shareholders.	Any bonus earned of up to 75% of salary will normally be paid in cash following the year-end. Any bonus earned in excess of 75% will normally be deferred into shares under the Bonus and Deferred Bonus plan for three years subject to continued employment. The Committee may decide to pay the entire bonus in cash where the amount to be deferred into shares would, in the opinion of the Committee, be so small it is administratively burdensome to apply deferral. Bonuses are not pensionable. Bonuses are based on annual performance targets. The Committee may, in its discretion adjust annual bonus payments if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgment the Committee may take into account such factors as the Committee considers relevant. Malus and clawback provisions apply, detailed on page 63.	Maximum annual bonus opportunity of 100% of base salary. Normally 50% of the bonus shall pay out for on-target levels of performance. The annual bonus normally starts to accrue for meeting threshold levels of performance. The Committee retains discretion to vary the level of payout for threshold and target performance if it considers it to be appropriate.	The Committee shall determine performance measures for the bonus each year. These may include financial measures (for example profitability) and other metrics linked to the delivery of the business strategy. No less than 70% of the annual bonus will be based on financial measures. The Committee has the discretion in exceptional circumstances to adjust the performance targets and/or set different measures if events occur outside of management's control or where the target no longer satisfies its original purpose to ensure that pay is aligned with performance.

Directors' Remuneration Report continued

Element	Purpose and how the element supports the short and long-term strategic objectives of the Company	Operation	Maximum opportunity	Performance measures
Share Plans				
Long-Term Incentive Plan ("LTIP")	To reward the efforts of Executive Directors in line with the Company's objective of creating shareholder value and support alignment with shareholder interests. The LTIP also acts as a retention tool.	Awards can be in the form of conditional shares or in such other form that the Committee determines has the same economic effect. Awards can be over 'A' (listed), and 'B' and 'C' (unlisted) ordinary shares and the Committee may alter the distribution between the different classes of shares, provided that there is no increase in the aggregate market value of the award. Awards normally vest based on performance assessed over a period not shorter than three years. Awards granted from 2020/21 onwards will normally be subject to a holding period of two years following the end of the performance period. The Committee may, in its discretion, adjust LTIP vesting levels if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period or that such vesting level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set or in the context of the experience of shareholders or other stakeholders. When making this judgment, the Committee may take into account such factors as the Committee considers relevant. Malus and clawback provisions apply, as detailed on page 63.	The maximum annual award in respect of a financial year is 125% of base salary. Normally 25% of awards vest for threshold levels of performance.	Awards granted in 2021/22 will vest subject to pre-tax adjusted EPS performance which will normally be measured over a period of three years. The Committee may use different performance measures for future awards it is deemed appropriate.

Element	Purpose and how the element supports the short and long-term strategic objectives of the Company	Operation	Maximum opportunity	Performance measures
Recovery Long-term Incentive Plan Award ("Recovery LTIP Award") **Note – it is intended that the Recovery LTIP will be granted under the terms of the LTIP Plan subject to shareholder approval of a revised approach to individual award limits at the 2021 AGM**	The Recovery LTIP Award will be granted on a one-off basis in FY22, designed to support the recovery of the business following the COVID-19 pandemic by incentivising management to rebuild the business and profit levels.	Awards can be in the form of conditional shares or in such other form that the Committee determines has the same economic effect. Awards can be over 'A' (listed), and 'B' and 'C' (unlisted) ordinary shares and the Committee may alter the distribution between the different classes of shares, provided that there is no increase in the aggregate market value of the award. It is intended that awards will vest based on performance over the three financial years 2021/22 to 2023/24. Awards will be subject to a holding period of two years following the end of the performance period, other than in exceptional circumstances. The Committee may, in its discretion, adjust the Recovery LTIP vesting levels if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period or that such vesting level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set or in the context of the experience of shareholders or other stakeholders. When making this judgment, the Committee may take into account such factors as the Committee considers relevant. Malus and clawback provisions apply, as detailed on page 63.	The Recovery LTIP Award will be granted on a one-off basis with awards intended to be granted in FY22. The maximum award is 250% of base salary. 25% of the award will vest for threshold levels of performance, 50% of the award will vest for target levels of performance, 75% of the award will vest for very strong levels of performance and 100% of the award will vest for exceptional performance.	It is intended that the Recovery LTIP Awards will be based on EBITDA (excluding IFRS 16) performance.
Executive Share Option Scheme ("ESOS")	To align the interest of Executive Directors with those of shareholders.	A tax-advantaged market value share option plan. Executive Directors may be granted market value options up to a maximum total value set by HMRC. Options vest based on performance over a three-year period. Once vested, options must be exercised before the tenth anniversary of grant.	Executives may be granted and hold options up to the maximum value set by HMRC (currently £30,000) at any one time. An ESOS option will vest in full if the threshold performance level is achieved.	The vesting of ESOS options is subject to the achievement of performance conditions which will normally be measured over a period of not less than three years. The Committee intends to use adjusted EPS as the performance condition. The Committee may, however, use different performance measures if it is deemed appropriate.

Directors' Remuneration Report continued

Element	Purpose and how the element supports the short and long-term strategic objectives of the Company	Operation	Maximum opportunity	Performance measures
Pension	To provide Executive Directors with long-term pension provisions on a competitive basis.	The Company operates a variety of pension benefits. Executive Directors are either deferred members of the defined benefit pension plan – now closed to future accruals – or the Company's defined contribution pension plan or receive a salary supplement or a mixture of these.	The maximum annual pension contribution or cash allowance is 17.5% of base salary. Executive Directors will normally be expected to make a net contribution of 8% of base salary themselves. The Chief Executive is a member of the main section of the defined benefit pension plan which is closed to future accrual. For any new Executive Director to the Board from 1 April 2020, the pension opportunity will be in line with the policy for the majority of the workforce.	Not applicable.
Share ownership guidelines	Align the interests of Executive Directors and shareholders and encourage long-term shareholding and commitment to the Company both in and post-employment.	Executive Directors are expected to build and maintain a holding of shares in the Company equal to at least 200% of base salary. Executive Directors are expected to retain 50% of any post-tax shares that vest under any share incentive arrangements until this shareholding is reached. The Committee also has a policy to promote interests in shares following cessation of employment to enable the interest of former Executive Directors to remain aligned with the interests of shareholders for an extended period after leaving employment. Following ceasing to be an Executive Director, Executive Directors will normally be expected to maintain a minimum shareholding of 200% of base salary (or actual shareholding if lower) for the first 12 months following departure from the Board and 100% of base salary (or actual shareholding if lower) for the subsequent 12 months. The Committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.	Not applicable.	Not applicable.

Element	Purpose and how the element supports the short and long-term strategic objectives of the Company	Operation	Maximum opportunity	Performance measures
Non-Executive Directors				
Basic and Additional Fees	To attract and retain high calibre Non-Executive Directors by offering market competitive fee levels that recognise the time that the Non-Executive Directors commit to their various roles.	The fees are paid in cash. The fees paid to the Chairman are determined by the Remuneration Committee. The fees paid to the other Non-Executive Directors are determined by the Chairman and the Executive Committee. Fees are set taking into account the time commitment required to fulfil the role and typical practice at other similar companies. The policy in relation to Non-Executive Directors' fees is to pay a basic fee for membership of the Board, and additional fees for the Senior Independent Director and for chairmanship of a Committee to take into account the additional responsibilities and time commitment of these roles. Additional fees may be paid to reflect additional Board or Committee responsibilities as appropriate (such as liaising with family shareholders).	There is no maximum fee level other than as provided by Article 112 of the Company's articles of association.	Not applicable.
Benefits	To provide suitable arrangements to allow Non-Executive Directors to discharge their duties effectively.	Reasonable costs in relation to travel and accommodation are reimbursed to the Chairman and Non-Executive Directors. The Company may meet any tax liabilities that may arise on such expenses. The Chairman and Non-Executive Directors do not participate in incentive schemes. None of the Non-Executive Directors are members of any Group pension scheme with the exception of Michael Turner and Richard Fuller who are both pensioners of the director's section of the defined benefit pension plan. Both also receive life assurance cover. The Chairman also receives private medical insurance. Additional non-significant benefits may be introduced if considered appropriate.	There is no maximum benefit opportunity.	Not applicable.

Information Supporting the Policy

Malus and clawback

Cash annual bonus payments may be clawed back for a period of three years from the date of payment. Malus and clawback provisions apply under the Bonus and Deferred Bonus Plan ("BDBP") and LTIP (including Recovery LTIP Awards) from award to the third anniversary of the grant date in the case of BDBP awards and sixth anniversary of the award date for LTIP awards. The circumstances in which malus/clawback may apply are a material misstatement of financial results, an error in assessing performance or in the information/assumptions used, a material failure of risk management, serious reputational damage, serious misconduct by the participant, or any other similar circumstances.

Share plan operation

The Committee will operate the annual bonus, BDBP, LTIP and ESOS in accordance with the Rules of the plans. Awards under any of the Company's share plans may:

- have any performance conditions applicable to them amended or substituted by the Committee in circumstances where the Committee determines an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy
- incorporate the right to receive an amount equal to the value of dividends which would have been paid on the shares under an award that vests up to the time of vesting (this provision does not apply to the ESOS). This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis
- be settled in cash at the Committee's discretion (this provision does not apply to the ESOS). For Executive Directors, this provision will only be used in exceptional circumstances such as where for regulatory reasons it is not possible to settle awards in shares
- be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price.

Summary of Decision-making Process and Changes to Policy

During 2020 the Committee undertook a full review of the Policy to ensure that our approach remains appropriate to support our strategy of achieving long-term sustainable shareholder value creation. The Committee continues to believe that in normal years the overall framework of an annual bonus and LTIP is appropriate for the Company.

The Covid-19 pandemic has, however, had a significant impact on the business and in light of this the Committee considered that it would be appropriate to grant a Recovery LTIP Award during FY22 to incentivise management to re-build the business and profit levels. The Remuneration Policy has therefore been revised to allow for the grant of such an award. Minor other changes have been made to the wording of the policy to increase flexibility, to aid operation, to increase transparency and to reflect typical market practice.

In determining the new Remuneration Policy, the Committee followed a robust process which included discussions on the content of the Policy at Remuneration Committee meetings during the year. The Committee considered input from Management and our independent advisors, as well as considering best practice and guidance from major shareholders. The Committee also consulted with major shareholders when considering the structure of the Recovery LTIP Award.

Approved Payments

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the policy set out above came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved directors' remuneration policy in force at the time they were agreed or where otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" no later than the time the award is granted. This Policy applies equally to any individual who is required to be treated as a director under the applicable regulations.

Selection of Performance Measures

Annual bonus

The annual bonus performance measures are intended to incentivise Executive Directors to achieve the financial objectives of the Group and deliver the business strategy. The particular bonus metrics are selected by the Committee each year to ensure that Executive Directors are appropriately focused on the key objectives for the next twelve months.

LTIP and ESOS

Our long-term strategic objective is to provide long-term sustainable returns for all of our shareholders. It is intended that awards made in 2021/22 will be based on pre-tax adjusted EPS performance to provide a clear incentive for executives to deliver on this objective.

Performance targets for the annual bonus, LTIP and ESOS are set taking into account internal budget forecasts, external expectations and the need to ensure that targets remain motivational.

Recovery LTIP Award

It is intended that the Recovery LTIP award is conditional upon the achievement of EBITDA targets. The Committee has selected Group EBITDA (excluding IFRS 16) as the sole measure of performance for the Recovery LTIP Award as it strongly incentivises operational recovery throughout our business and provides strong line of sight for management.

Remuneration arrangements throughout the Group

Remuneration arrangements are determined throughout the Group based on the same principle; that the Remuneration policies and practices should be aligned to Company purpose and values and support the delivery of the strategy and promote long-term sustainable success.

Remuneration outcomes in different performance scenarios

The charts below set out an illustration of the Policy for FY22. The charts provide an illustration of the proportion of total remuneration made up of each component of the Remuneration Policy and the value of each component.

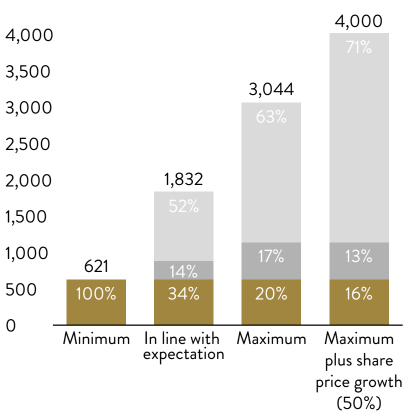
Four performance scenarios have been illustrated for each Executive Director:

Below threshold performance	• Fixed remuneration (base salary, benefits and pension) • No annual bonus pay-out • No vesting under the LTIP and under the Recovery LTIP Award.
In-line with expectations	• Fixed remuneration (base salary, benefits and pension) • 50% annual bonus pay-out • 50% vesting under the LTIP and under the Recovery LTIP Award.
Maximum performance	• Fixed remuneration (base salary, benefits and pension) • 100% annual bonus pay-out • 100% vesting under the LTIP and under the Recovery LTIP Award.
Maximum performance plus 50% share price growth	• Fixed remuneration (base salary, benefits and pension) • 100% annual bonus pay-out • 100% vesting under the LTIP and under the Recovery LTIP Award plus 50% share price growth.

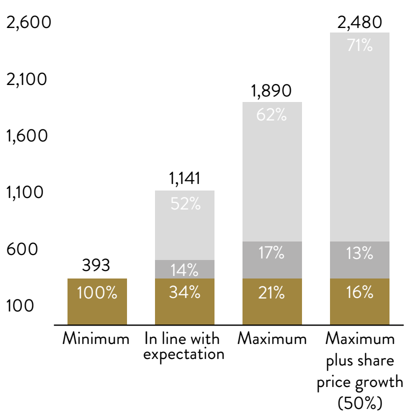
The charts have been prepared on the following basis:
- Base salary – the base salary in place at 1 June 2021
- Benefits – based on the disclosed benefits value in the single figure for FY21
- Pensions – based on a contribution of 17.5% of base salary
- Bonus – the normal maximum annual bonus is 100% of base salary
- LTIP – based on the maximum award of 125% of base salary (note the ESOS has not been included on the basis that awards are not granted at regular intervals)
- Recovery LTIP Award – based on the maximum one-off award of 250% of base salary.

No payment of dividend equivalents has been assumed. Potential benefits under all-employee share plans have not been included. No share price growth has been assumed other than where stated.

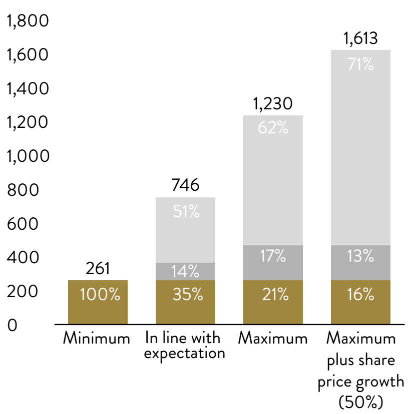
Simon Emeny – CEO
£000



Adam Councell – Finance Director
£000



Fred Turner – Retail Director
£000



Fixed[1] **Bonus** **LTIP**

1 "Fixed" includes salary, benefits and pension.

Remuneration Policy for Newly Appointed Directors

When determining the remuneration package for a newly appointed Executive Director, the Committee would seek to apply the following principles:

- The package should be market competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent
- New Executive Directors will normally receive a base salary, benefits and pension contributions in line with the policy described on pages 58 to 62 and would also be eligible to join the bonus and equity incentive plans up to the limits set out in the Policy
- In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration set out below. The key terms and rationale for any such component would be disclosed as appropriate in the Remuneration Report for the relevant year
- Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of their appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such "buyout", the guiding principle would be that awards would generally be on a "like for like" basis unless this is considered by the Committee not to be practical or appropriate
- The maximum level of variable remuneration which may normally be awarded (excluding any "buyout" awards referred to above) in respect of recruitment is 225% of salary, which is in line with the current maximum limit under the annual bonus and LTIP. In addition, any new Executive Director may also be granted a Recovery LTIP Award. Any Recovery LTIP Award would normally be pro-rated to reflect the time in role during the performance period unless the Remuneration Committee determines otherwise.
- Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide assistance with relocation (either via one off or on-going payments or benefits)
- In the event that an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including any accrued pension entitlements and any outstanding incentive awards.

To facilitate any buyout awards outlined above, in the event of recruitment the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules which allows for the grant of awards, to facilitate, in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval or under any other appropriate Company incentive plan.

The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the policy table for Non-Executive Directors on page 63.

Service Contracts/Payments on Loss of Office

When determining leaving arrangements for an Executive Director, the Committee takes into account any contractual agreements including the provisions of any incentive arrangements, typical market practice and the performance and conduct of the individual.

Executive Directors have rolling service contracts terminable on no more than one year's notice served by the Company or Director. Our Policy is that in the event of early termination a payment equal to the salary due for the unexpired period of their notice would be made, payable in monthly instalments, subject to mitigation. The Committee retains discretion to pay any unexpected notice in the form of a lump sum payment if this is considered appropriate.

Simon Emeny's contract has been in place for a number of years. In the event of early termination, he would be entitled to a payment equal to his base salary and the value of all benefits for the unexpired period of his notice, without any reduction for mitigation.

The Committee may make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with their cessation of office or employment.

Annual Bonus

The Committee may determine that an Executive Director may remain eligible to receive a pro-rata bonus for the financial year in respect of the period they remained in employment. The Committee will determine the level of bonus taking into account time in employment, the circumstances of cessation of employment and performance.

Share Plan Leaver Rules

The treatment of leavers under the Company's long-term incentive plans is determined by the rules of the relevant plans.

Good leavers*	Leavers in other circumstances
BDBP	
If a participant dies, their BDBP award will vest. If a participant becomes a good leaver for any other reason, BDBP awards would normally continue and vest in full on the normal vesting date. The Committee may exercise discretion to allow awards to vest at the time of cessation of employment or to pro-rate the vesting level to reflect the proportion of the vesting period served.	Awards lapse.
LTIP (including the Recovery LTIP Award)	
If a participant becomes a good leaver, LTIP awards will not lapse, but will normally be pro-rated to reflect the proportion of the performance period served and remain subject to performance conditions. LTIP awards will normally vest on the normal vesting date. The Committee may determine that LTIP award should vest as soon as practical following cessation of employment.	Awards lapse. If a participant ceases employment during the holding period (other than in the event of gross misconduct) then awards will normally continue and be released at the normal release date. The Committee may exercise discretion to allow awards to be released at the time of cessation of employment.
ESOS	
If a participant dies, ESOS awards will not lapse, but may be exercised for a period of 12 months following death. If a participant becomes a good leaver for any other reason, ESOS awards will not lapse, but may be exercised until six months after the third anniversary of grant (or six months after cessation if later). ESOS awards will continue to be subject to performance conditions.	Awards lapse.
All-employee share plans	
Leaver provisions are determined in accordance with HMRC-approved provisions.	

* Death, ill-health, injury, disability, redundancy, retirement, the sale of their employing entity out of the Group, or for any other reason at the Committee's discretion.

Terms and Conditions for the Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors serve the Company on the basis of renewable letters of appointment which can be terminated by written notice by either party. No compensation is awarded on termination. Letters of appointment are available for inspection at the Annual General Meeting and at the Company's registered office.

Service Contracts and Fee Letters

The following sets out the date of Directors service contracts and fee letters:

Executive Directors	Date of contract	Notice period
Simon Emeny	13 January 1999	12 months
Adam Councell	15 March 2019	12 months
Fred Turner	23 May 2019	12 months
Neil Smith	16 June 2021*	12 months

* Effective date of employment at a date to be confirmed, but no later than 1 December 2021.

Non-Executive Directors	Date of appointment	Term expires
Michael Turner	1 July 2013*	June 2022
Sir James Fuller	1 June 2010	May 2022
Juliette Stacey	21 March 2018	July 2024
Helen Jones	12 March 2019	March 2023
Richard Fuller	1 February 2020*	February 2022
Robin Rowland	23 March 2020	March 2024

* Michael Turner was first appointed to the Board as an Executive Director in January 1985 and became Non-Executive Chairman on 1 July 2013. Richard Fuller was first appointed to the Board as an Executive Director in December 2009 and was appointed as a Non-Executive Director on 1 February 2020.
** All directors are subject to retirement by rotation as detailed in the Directors' Report on page 42.

Directors' Remuneration Report continued

Change of Control
In the event of a takeover or winding up of the Company, share awards may vest early, subject (where relevant) to the extent to which performance conditions have been satisfied. Awards (other than awards under the BDBP) will normally be pro-rated for time since award unless the Committee determines otherwise. In the case of a demerger, special dividend or similar circumstances, awards may, at the Committee's discretion, vest early on the same basis as for a takeover.

Consideration of Employment Conditions Elsewhere in the Company
The Committee is advised of the proposed annual pay review for staff in advance of them considering the proposed pay reviews for Directors, so that this can be taken into account when determining Directors' remuneration for the relevant financial year. Salary increases will ordinarily be (in percentage terms) in line with those of the wider workforce, and significant variances would only be expected where there had been a significant change in an individual's responsibilities or a market review had been conducted which suggested that an individual's salary was no longer competitive, or where the Committee wanted to take account of an individual's performance or experience. The Committee would also be advised if there were any other key changes to the terms and conditions on which staff are employed.

Consideration of Employee Views
The Committee does not formally consult directly with employees on executive pay or in drawing up the Remuneration Policy but does receive periodic updates from the People & Talent Director. Share ownership amongst the Company's employees is encouraged through the SAYE Scheme and SIP. These tax-advantaged schemes allow employees to participate as shareholders and align their interests with those of the shareholders.

Consideration of Shareholder Views
In developing this Remuneration Policy and in considering the structure of the Recovery LTIP Award, the Committee consulted in detail with our largest shareholders and was pleased with the level of support received for the changes. Our intention is that shareholder views will be are sought when there is any significant change to Directors' remuneration. Should shareholders have any concerns about the Remuneration Policy, the Committee Chairman would endeavour to meet with them, as appropriate, to understand and respond to any issues they may have.

Annual Remuneration Implementation Report
The information on pages 68 to 78 has been audited.

The Remuneration Committee
The Remuneration Committee consists entirely of Independent Non-Executive Directors and the members during the period were Helen Jones (Chair), Juliette Stacey and Robin Rowland. The Chairman of the Company, Michael Turner, and the Chief Executive, Simon Emeny, are invited to attend the Committee meetings and to advise, where appropriate, on the remuneration and performance of the Executive Directors and related matters. The Committee is advised internally by the Company Secretary, Rachel Spencer (Séverine Béquin until 8 January 2021), who also acts as Secretary to the Committee.

The Committee's terms of reference are available on the Company's website – state that the Committee is responsible for determining the total remuneration package (including pensions, service agreements and termination payments) of the Executive Directors. The Committee also reviews the remuneration of the members of the Executive Committee in consultation with the Chief Executive. Members of the Committee have no personal financial interest in the Company, other than as shareholders and Directors.

The Committee's Advisors
Deloitte LLP was appointed by the Committee in June 2019 and during the year under review continued to provide the Committee and the Company with advice in connection with remuneration matters as well as the Company's LTIP and share option schemes.

Deloitte is a founding member of the Remuneration Consultants' Group ("RCG"), which is responsible for the development and maintenance of the voluntary Code of Conduct that clearly sets out the role of executive remuneration consultants and the professional standards by which they advise their clients. Fees are charged on a time and expenses basis and totalled £42,850 (plus VAT) during 2020/21. During the year Deloitte also provided other unrelated tax advice to the Company. The Committee is satisfied that advice received from Deloitte during the year was objective and independent and that all individuals who provided remuneration advice to the Committee have no connections with Fuller's or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

XPS Pension Group provides the Company with advice on matters relating to pensions. XPS Pension Group is authorised and regulated by the Financial Conduct Authority and its actuaries are also separately required to abide by Actuarial Profession Standards which include the requirement for them to provide objective and independent advice.

Statement of Implementation of Remuneration Policy for 2021/22

The last year has been a difficult one for the hospitality sector. The outbreak of Covid-19 has had a significant impact on the business with pubs closed for a significant portion of the last financial year and the early part of this financial year. Many of our sites are now open but we are operating at a much-reduced capacity in-line with government guidance. In light of this, the Committee intends to grant an additional Recovery LTIP Award in FY22 to incentivise management to rebuild the business and profit levels. Further details on the structure of the Award are provided below.

Base salaries

The CEO and retail Director's base salaries have been increased by 2% in line with the increase received across the wider workforce. On 26 February we announced that Adam Councell would be stepping down as Finance Director and his salary will therefore not be increased. Salaries from 1 June 2021 are therefore as follows:

Chief Executive – £510,000
Finance Director – £315,000
Retail Director – £204,000

There has been no change to the fees payable to the Non-Executive Directors which were last reviewed in January 2018.

As announced on 11 June, Neil Smith will be joining us as our new Finance Director. His salary has been set at £352,500 per annum. We appreciate this salary is above the salary for the former Finance Director, however, it is positioned some way below the salary he received in his previous role of £430,000.

Annual bonus

As noted above, given the closure of the business and our reliance on government support we did not operate an annual bonus for FY21.

For FY22 we intend to operate an annual bonus in-line with our normal policy. The maximum annual bonus will be 100% of base salary for all directors. The annual bonus will be based 70% on Group EBITDA performance and 30% based on individual strategic performance linked to the successful recovery of the business.

Targets are considered to be commercially sensitive and have therefore not been disclosed. Our intention is to disclose targets in the FY22 Annual Remuneration report provided that these are no longer considered to be commercially sensitive at that time.

LTIP

The Committee intends to continue to grant LTIP awards for 2021/22 to ensure that management are aligned with shareholders and incentivised to deliver long-term performance. Awards will be granted at the policy level of 125% of base salary to the CEO and the Retail Director. The new Finance Director will receive an award of 100% of base salary following his joining. It is intended that his award for FY22 will be pro-rated to reflect his time in employment during the performance period. The Committee is aware of shareholder guidance regarding reviewing award levels where there has been a fall in share price. We are not planning to reduce grant sizes given the significant need to continue to motivate and retain management. However, the Committee retains discretion to adjust vesting outcomes if it considers that there have been any "windfall" gains.

The LTIP will be based on pre-tax adjusted EPS performance as the Committee considers that this provides a clear objective for management and supports our strategy. The portion of the LTIP award that vests for threshold performance will be 25% of maximum. For 2021/22 LTIP awards, EPS targets have been set as absolute pence targets for 2023/24 in light of the impact of coronavirus on the base year and to provide a clear focus for management on the required level of performance.

We want to measure the performance of our Executive Directors against a criterion that aligns the Executive Directors' interest with the long-term interests of our shareholders. We believe that an earnings per share measure is more appropriate than a simple profit measure as the latter could be improved by, for example, the issuance of shares to raise cash or to finance an acquisition having a consequent diluting effect on existing shareholders' interests. Additionally, given the aim of encouraging long-term performance, we believe that the earnings per share figure should not reflect short-term non-trading impacts on profit, whether positive or negative, for example, profits or losses on the sale of freehold properties, or profits or losses on the disposal of a component business such as the Beer Business, and such items should be adjusted for. Lastly, given that changes in tax rates are unrelated to Executive Directors' performance, we believe that any earnings per share measure for the LTIP should be based on pre-tax earnings.

Pre-tax adjusted EPS targets for the 2021/22 awards are proposed as follows:

	Target (25% vesting)	Maximum (100% vesting)
Pre-tax adjusted EPS pence in 2023/24 [1,2]	44.89	54.68

1 Vesting increases on a straight line basis between Target and Maximum.
2 The targets set are the same as those for the 2020 LTIP award (as adjusted for the equity raise in March 2021). Given the extended lockdown periods throughout 2020 and 2021, the Committee consider that these targets remain appropriately stretching and aligned with the creation of shareholder value.

Recovery LTIP Award
In light of the challenges the business faces, the Board is concerned about the motivation and retention of the Executive Directors and is therefore, intending to grant a one-off Recovery LTIP Award in FY22 to incentivise management to re-build the business and profit levels. This award will be in addition to the normal LTIP award outlined above.

The Recovery LTIP Award will vest based upon the achievement of stretching EBITDA targets for FY24 which are aligned with delivering a full recovery of the business as outlined below. The Committee has selected Group EBITDA as the sole measure of performance for the Recovery LTIP as it strongly incentivises operational recovery throughout our business and provides strong line of sight for management. Awards will be subject to a holding period for two years following the end of the performance period.

For Executive Directors, the award will have a value of 250% of base salary. It is intended that the award to the new Finance Director for FY22 will be pro-rated to reflect his time in employment during the performance period. Other senior executives will also participate in the plan receiving lower levels of award.

The vesting of Awards will be subject to achieving the following targets:

	Group EBITDA target	Commentary
Threshold (25% vesting)	£55.0m	This represents re-building to our pre-pandemic performance
Target (50% payout)	£62.6m	This represents our stretch budgeted performance for FY21 pre-pandemic and is considered by the Committee to represent a strong recovery
Very strong (75% payout)	£67.6m	
Maximum (100% vesting)	£73.0m	32% increase above threshold performance This level of performance would exceed our EBITDA performance level from when we owned the beer business and is considered to represent significant value for shareholders

Pension and benefits
There are no changes to the pension and benefits provision for Executive Directors. Executive Directors receive a pension allowance of 17.5% of base salary. The Committee is aware of shareholder guidance that pensions for Executive Directors should be aligned with the wider workforce. However, given the current rate for the Executive Directors represents an existing contractual commitment and that their overall pay is towards the lower end of market practice, the Committee does not consider that it is appropriate to make a reduction at this stage. The Committee will keep this approach under review.

For any new Executive Directors appointed to the Board from 1 April 2020 the pension opportunity will be in-line with the maximum employer contribution available for the majority of the workforce.

The new Finance Director will receive a pension of 5% of base salary in-line with the pension received by the majority of our wider workforce and in-line with our Directors' Remuneration Policy.

Implementation of Remuneration Policy for 2020/21

Single Total Figure of Remuneration Table

The following table shows a breakdown of the remuneration of individual Directors who served in all or part of the year:

	Salary/Fees[1]		Taxable benefits[2]		Annual bonus[3]		LTIP/Options[4]		Pensions		Total		Total fixed		Total variable	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Simon Emeny	**469**	489	**25**	25	**–**	1	**8**	–	**88**	85	**590**	600	**581**	599	**9**	1
Adam Councell[5]	**295**	189	**23**	13	**–**	–	**6**	–	**55**	33	**379**	235	**374**	234	**5**	1
Fred Turner[6]	**188**	167	**23**	19	**–**	1	**8**	–	**35**	30	**254**	217	**245**	216	**9**	1
Michael Turner	**235**	250	**26**	26	**–**	–	**–**	–	**–**	–	**261**	276	**261**	276	**–**	–
Sir James Fuller	**47**	50	**–**	–	**–**	–	**–**	–	**–**	–	**47**	50	**47**	50	**–**	–
Richard Fuller[7]	**42**	162	**1**	20	**–**	1	**–**	–	**–**	27	**43**	210	**43**	209	**–**	1
Juliette Stacey	**70**	71	**–**	–	**–**	–	**–**	–	**–**	–	**70**	71	**70**	71	**–**	–
Helen Jones	**58**	61	**–**	–	**–**	–	**–**	–	**–**	–	**58**	61	**58**	61	**–**	–
Robin Rowland[8]	**52**	3	**–**	–	**–**	–	**–**	–	**–**	–	**52**	3	**52**	3	**–**	–

1 Salary/fees for 2021 include the Board members' voluntary temporary 25% reduction in salary and fees from 1 April 2020 until 30 June 2020.
2 Taxable benefits include car allowances and private medical insurance.
3 Bonus refers to the annual bonus scheme based on performance in the period under review and the value of free shares awarded under the SIP of £nil (2020: £993).
4 LTIP/Options includes the value transferred to Directors from the LTIP, ESOS and SAYE Schemes. The benefit is calculated as the share price at the vest date less the exercise price multiplied by the number of vested awards for LTIP and ESOS. For SAYE, the benefit is calculated as the share price at the grant date less the exercise price, multiplied by the number of options being purchased. LTIP and ESOS awards are considered to have vested if substantially all of the performance criteria have been met in the financial year, in which case the number of vested awards is estimated based on performance against performance measures. The table below sets out how the award is linked to performance of the Group.
5 From his appointment on 27 August 2019.
6 From his appointment on 1 June 2019.
7 Richard Fuller was an Executive Director until 1 February 2020, when he became a Non-Executive Director for which he received fees of £7,500 in the period to 28 March 2020, included in the figure above.
8 From his appointment to the Board on 23 March 2020.

Base Salary

During the 2020/21 financial year the Executive Directors and Non-Executive Directors volunteered to temporarily reduce their salary and fees from 1 April 2020 to 30 June 2020 by 25% to support the business in managing costs. With the estate gradually reopening, salaries and fees reverted to normal with effect from 1 July 2020.

Annual Bonus

As noted above, given the closure of the business and our reliance on government support the Committee and the Executive Directors agreed that it was not appropriate to operate an annual bonus for FY21.

LTIP

LTIP awards granted in 2018 were based on Group adjusted earnings per share ("EPS") performance for the financial year 2020/21. The EPS targets were not met and therefore these awards will lapse. The following sets out details of performance against targets set:

		Target set				
	Performance measure	Minimum (40% vesting)	Maximum (100% vesting)	Value of award	Actual performance	Value of award
LTIP	EPS vs RPI	EPS exceeds RPI by +9%	EPS exceeds RPI by +24%	Percentage vest of original grant: Minimum – 40% Maximum – 100%	Nil growth	Nil% of maximum award

The Committee did not exercise any discretion in relation to the LTIP outcomes. No portion of the LTIP awards relates to share price growth.

Directors' Remuneration Report continued

Total Pension Entitlements

Michael Turner and Richard Fuller are pensioners of the defined benefit Company pension plan, which is closed to future accrual, under the Directors' section.

Simon Emeny became a deferred member of the defined benefit Company pension plan, under the main section when the plan closed to future accruals on 1 January 2015. Prior to closure, he received a salary supplement of 17.5% of the excess of his base salary over the earnings cap for use as part of his retirement planning. Following closure of the pension plan, Simon Emeny is paid a salary supplement of 17.5% of his salary by the Company which he is required to use as part of his overall retirement planning.

During the year, Adam Councell and Fred Turner were paid a salary supplement of 17.5% of their salaries by the Company which they are required to use as part of their overall retirement planning. They are also required to contribute 8% of their salary to their pension or another investment vehicle.

The Committee considers that the Policy operated as intended during the year.

Percentage Change in Remuneration of Directors and Employees

The table below shows the percentage change in the remuneration of the Board of Directors compared to that of the average of all of the Company's employees taken as a whole between the financial years ended 28 March 2020 and 27 March 2021:

	Change in annual salary[1]	Change in annual taxable benefits	Change in annual bonus[2]
Average of all employees	1.0%	-1.6%[4]	-1.2%
Simon Emeny	-4.0%	-0.1%	nil%
Adam Councell	–	–	nil%
Fred Turner	–	–	nil%
Michael Turner	-6.2%	1.5%	n/a
Sir James Fuller	-6.2%	nil%	n/a
Richard Fuller[3]	-73.9%	-93.8%	n/a
Juliette Stacey[3]	-0.7%	nil%	n/a
Helen Jones[3]	-4.5%	nil%	n/a
Robin Rowland	–	–	n/a

1 Figures excluded where prior year comparator is less than a full year as this distorts the percentage change.
2 "Change in annual bonus" reflects the increase or decrease in the percentage of annual salary paid out as bonus and excludes the value of free shares awarded under the SIP. The employee comparator group excludes pub staff who are employed by another Group company. It also excludes The Stable employees who transferred on the disposal of The Stable Pizza & Cider Limited on 7 June 2020.
3 A number of Directors had role changes during FY2020 (Richard Fuller, Juliette Stacey and Helen Jones), all of which have impacted the year on year comparison.
4 The change in taxable benefits for the average of all employees has gone down year on year due to the comparatively smaller group of staff who receive a company car due to their role, compared to FY20 which included brewery staff. Benefits offered to Fuller's employees have not changed year on year.

External Directorship Fees

The Board may give approval for Executives to have one Non-Executive role and to retain any related fees paid. Simon Emeny was appointed a Non-Executive Director of The National Gallery Company Limited on 6 February 2018 for which he does not receive any remuneration. He is the Senior Independent Director of WH Smith PLC and during the year he received and retained remuneration of £59,000.

Scheme Interests Awarded During the Financial Year[1,2]

In respect of the 52 week period ended 27 March 2021 the following LTIPs, share options and SIP awards were granted:

Director	Type of award	Number of 'A' shares	Number of 'B' shares	Exercise price per 'A' share	Exercise price per 'B' share	Face value at grant/award	Date of grant/ award	Performance period ends	% of award/ grant vesting at minimum threshold
S Emeny	LTIP[4]	83,333	208,333	–	–	625,000	05/10/2020	1/04/2023	40%
	SAYE	6,896	–	4.35	–	37,497	30/09/2020	n/a	n/a
Total		**90,229**	**208,333**			**662,497**			
A Councell[3]	LTIP[4]	52,500	131,250	–	–	393,751	05/10/2020	1/04/2023	40%
	SAYE	4,137	–	4.35	–	22,495	30/09/2020	n/a	n/a
Total		**56,637**	**131,250**			**416,246**			
F Turner	LTIP[4]	33,333	83,333	–	–	249,998	05/10/2020	1/04/2023	40%
	SAYE	6,896	–	4.35	–	37,497	30/09/2020	n/a	n/a
Total		**40,229**	**83,333**			**287,496**			

1 Face values have been calculated using the actual grant prices also shown in the table except for SAYE. For the SAYE Scheme this is based on an average price for the three days before grant (shown above) although options are granted at a 20% discount.
2 Under the tax-advantaged ESOS only options worth £30,000 may be held at any time.
3 Adam Councell has indicated his intention to resign as a Director, at which time all awards will lapse.
4 The LTIP awards granted in October 2020 are subject to a pre-tax adjusted EPS performance condition, with the targets set on an absolute basis and measured over a period of three years. 25% of the awards vest for pre-tax adjusted EPS of 50.16p in FY23, with 100% vesting for pre-tax adjusted EPS of 61.09p (straight-line vesting in-between). Further details of the actual targets are set out in the 2020 Annual Report. The Remuneration Committee is considering the impact of the equity raise on these awards to determine whether it is appropriate to adjust the current EPS targets. If relevant, further details will be disclosed in the 2022 Remuneration Report.

Share Scheme Interests Outstanding at the Year End

Shares

The Company has Share Ownership Guidelines for Directors which state that Executives should hold shares worth at least 200% of their salary. Accordingly, until their guideline is met, Executives are expected to retain:

- all shares they hold in the SIP
- all shares they acquire as a result of exercising SAYE options
- all shares that they acquire as a result of exercising options under the tax-advantaged ESOS net of the cost of those options
- at least 50% of any shares that they acquire as a result of exercising options under the non-tax-advantaged SESOS net of the cost of those options and the costs of settling related tax and National Insurance ("NI") thereon
- at least 50% of any post-tax and NI vested shares under the LTIP and the BDBP.

Based on the share price on 27 March 2021 of £8.60, Simon Emeny held shares with a value of 391% of salary, Fred Turner held shares with a value of 622% of salary and Adam Councell held shares with a value of 16% of salary. All of the Executive Directors' shareholdings therefore already meet the guideline with the exception of Adam Councell who only joined the Company in August 2019.

Directors' Remuneration Report continued

Directors' Shareholdings

Directors' share interests	Beneficial interest at 7 July 2021	Non-beneficial interest at 7 July 2021	Beneficial interest at 27 March 2021	Non-beneficial interest at 27 March 2021	Beneficial interest at 28 March 2020	Non-beneficial interest at 28 March 2020
Simon Emeny						
'A' ordinary 40p shares	130,472	–	124,448	–	113,509	500
'B' ordinary 4p shares	1,055,684	–	1,055,684	–	1,055,684	–
'C' ordinary 40p shares	2,000	–	2,000	–	2,000	–
Adam Councell						
'A' ordinary 40p shares	5,800	–	5,800	–	2,250	–
Fred Turner						
'A' ordinary 40p shares	1,471	–	1,471	–	1,471	–
'B' ordinary 4p shares	492,473	–	452,667	–	447,633	–
'C' ordinary 40p shares	100,819	–	100,819	–	99,065	–
2nd preference £1 shares	4,324	–	4,324	–	4,324	–
Michael Turner						
'A' ordinary 40p shares	271,378	–	271,378	–	271,378	–
'B' ordinary 4p shares	3,036,586	–	2,988,394	–	2,988,394	–
'C' ordinary 40p shares	624,260	–	624,260	–	624,260	–
2nd preference £1 shares	71	–	71	–	71	–
Sir James Fuller						
'A' ordinary 40p shares	88,942	–	88,942	–	88,942	–
'B' ordinary 4p shares	10,486,379	–	10,438,187	–	10,415,881	–
'C' ordinary 40p shares	2,702,003	621,050	2,702,003	621,050	2,702,003	612,050
Richard Fuller						
'A' ordinary 40p shares	13,267	872,937	11,460	500,000	10,591	500,000
'B' ordinary 4p shares	3,065,726	10,935,015	3,065,726	10,935,015	3,065,726	10,935,015
'C' ordinary 40p shares	20,000	–	20,000	–	20,000	–
2nd preference £1 shares	303	7,499	303	–	303	–
Juliette Stacey						
'A' ordinary 40p shares	2,454	–	1,250	–	1,250	–
Helen Jones						
'A' ordinary 40p shares	2,970	–	1,766	–	–	–
Robin Rowland						
'A' ordinary 40p shares	7,165	–	3,551	–	–	–

Directors' Share Options

Director	Scheme[3]	As at 28 March 20	Exercised	Lapsed	Granted	As at 27 March 21	Exercise price	Date of grant	Exercisable from	Expiry date	Price at exercise date	Gain on exercise
Simon Emeny	ESOS	3,296	–	–	–	3,296	£9.10	01/07/2013	01/07/2016	30/06/2023		–
	SAYE	3,410	–	(3,410)	–	–	£7.74	01/09/2016	01/09/2021	01/03/2022		–
	SAYE	467	–	(467)	–	–	£7.70	01/09/2018	01/09/2023	01/03/2024		–
	SAYE	–	–	–	6,896	6,896	£4.35	30/09/2020	01/12/2025	01/06/2026		–
Total		7,173				10,192						–
Adam Councell[1]	ESOS	3,121	–	–	–	3,121	£9.61	15/01/2020	15/01/2023	14/01/2030		–
	SAYE	–	–	–	4,137	4,137	£4.35	30/09/2020	01/12/2023	01/06/2024		–
Total		3,121				7,258						–
Fred Turner	ESOS	2,590	–	–	–	2,590	£9.65	30/06/2014	30/06/2017	29/06/2024		–
	SAYE	3,975	–	(3,975)	–	–	£7.74	01/09/2016	01/09/2021	01/03/2022		–
	ESOS	520	–	–	–	520	£9.61	15/01/2020	15/01/2023	14/01/2030		–
	SAYE	–	–	–	6,896	6,896	£4.35	30/09/2020	01/12/2025	01/06/2026		–
Total		7,085				10,006						–
Richard Fuller[2]	ESOS	869	(869)	–	–	–	£5.78	12/07/2010	12/07/2013	12/07/2020	7.36	6,395.84
	ESOS	2,588	–	(2,588)	–	–	£9.65	30/06/2014	30/06/2017	29/06/2024		–
	SAYE	2,713	–	(2,713)	–	–	£7.74	01/09/2016	01/09/2021	01/03/2022		–
	SAYE	779	–	(779)	–	–	£7.70	01/09/2018	01/09/2023	01/03/2024		–
Total		6,949				–						–

1 Adam Councell has indicated his intention to resign as a Director, at which time all outstanding awards will lapse.
2 Richard Fuller's outstanding options lapsed on 31 July 2020 following his resignation as Executive Director on 1 February 2020.
3 The Executive Share Option Scheme ("ESOS") and Savings Related Share Option Scheme ("SAYE") are both tax-advantaged share option schemes.

Vested but unexercised options

Directors' Remuneration Report continued

Directors' Long-Term Incentive Plan Allocations

Director	Total held at 28 March 2020[1]	Awarded during the year	Vested during the year	Lapsed during the year	**Total held at 27 March 2021[2]**	Monetary value of vest
Simon Emeny						
'A' ordinary 40p shares	131,307	83,333	–	(40,860)	**173,780**	n/a
'B' ordinary 4p shares	328,271	208,333	–	(102,152)	**434,452**	n/a
Adam Councell[2]						
'A' ordinary 40p shares	28,844	52,500	–	–	**81,344**	n/a
'B' ordinary 4p shares	72,112	131,250	–	–	**203,362**	n/a
Fred Turner						
'A' ordinary 40p shares	20,568	33,333	–	(1,381)	**52,520**	n/a
'B' ordinary 4p shares	51,424	83,333	–	(3,454)	**131,303**	n/a

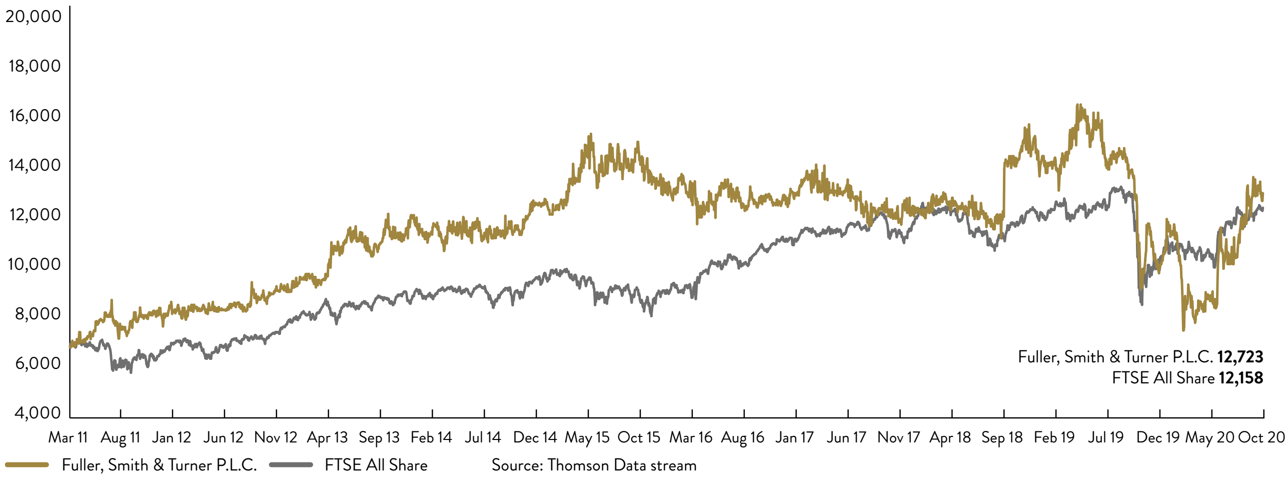
1 Or date of appointment if subsequent.
2 Or date of resignation. Adam Councell has indicated his intention to resign as a Director, at which time all outstanding LTIP awards will lapse.

The performance conditions for the LTIP are set out in the table on page 71 of this report.

Payments to Past Directors
There were no payments made to past Directors in the period.

Payments on Loss of Office in Prior Year
No payments were made in respect of loss of office in respect of the financial year ended 27 March 2021.

Performance Graph and Table
The graph below shows a comparison of the Total Shareholder Return ("TSR") for the Company's listed 'A' ordinary shares for the last ten financial years against the TSR for the companies in the FTSE All Share. The Company is a constituent of this Index and therefore it is an appropriate choice for this report.



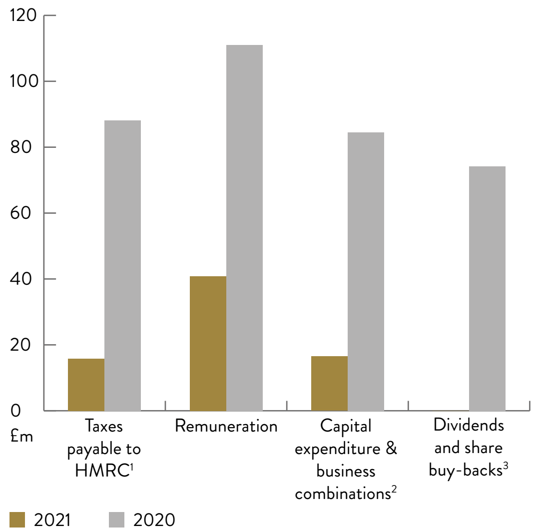
The table below shows the total remuneration figure for the Chief Executive over the last ten financial years and the annual bonus and LTIP pay-out for each year as a percentage of the maximum available:

	2012	2013	2014[1]	2015	2016	2017	2018	2019	2020[2]	**2021**
Single figure total remuneration (£000)	944	911	977	1,244	1,418	1,097	1,089	687	600	**590**
Annual bonus[3]	56%	41%	77%	76%	85%	41%	48%	48%	nil	**nil**
LTIP	92%	56%	64%	96%	100%	100%	56%	nil	nil	**nil**

1 Simon Emeny was appointed as Group Chief Executive in July 2013. This single total figure comprises the remuneration received by Simon Emeny in the financial year, hence includes remuneration for the three months prior to this promotion.
2 One-third of the annual bonus was due to pay out reflecting the Company's strong like for like sales performance vs. the Peach Tracker. However, in light of the broader business circumstances following the outbreak of coronavirus, the Committee and the Executive Directors agreed that it was not appropriate to pay this portion of the annual bonus.
3 Annual bonus as a percentage of the maximum available.

Relative Importance of Spend on Pay

The graph below shows the total remuneration for the Group's employees compared to other key financial indicators:



1 Taxes payable to HMRC is based upon tax incurred in the year and includes corporation tax, VAT, PAYE, NI, duty, stamp duty, non-domestic rates, property licences, environmental levies and machine game duty. Duty on the sale of beer only relates to one month for 2020 until the sale of the Fuller's Beer Business on 27 April 2019.
2 Capital expenditure (including business combinations) represents cash paid in the year.
3 Dividends for 2020 represent the one-off 'D' share dividend paid in October 2019 as part of the return of capital to shareholders and the interim dividend for 2020 paid in the year. No dividends were paid during 2021 due to the coronavirus pandemic.

CEO Pay Ratio

The following table sets out CEO pay ratio figures, in respect of the financial year ended 27 March 2021.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020/21	Option B	35.7:1	33.2:1	23.8:1
2019/20	Option B	33.0:1	32.6:1	31.6:1

The movement in pay ratio between 2019/20 and 2020/21 is driven by a combination of pay on furlough for the 25th percentile and median being lower than normal pay, but CEO pay having also reduced due to the Board's voluntary pay reduction from 1 April to 30 June 2020.

The relevant individuals have been identified using Option B, as defined under the relevant regulations, as it is considered to be the most appropriate methodology for Fuller's based on the availability of data at the time the Annual Report was published. The respective single figure values for each individual for 2020/21 have then been calculated. No estimates were required, and no elements of pay were omitted in calculating the relevant single figures. The figures do not include amounts paid to individuals in respect of their tronc share. The figures for 2020/21 have been distorted by the impact of the coronavirus pandemic, with the figures for the respective percentiles only representing hours worked for a small number of open weeks during the year, plus furlough pay received.

Directors' Remuneration Report continued

The single figure values for individuals immediately above and below the identified employee at each quartile within the Gender Pay Gap analysis were also reviewed.

The chosen individuals were reviewed to determine if they were representative of the 25th percentile, median and 75th percentile employees. If the chosen individual had left the business or had changed roles during the financial year an alternative employee would be used for the calculations. The alternative employee used in each instance was the closest employee to the relevant percentile, who was considered representative of that percentile. For the 52 weeks ended 27 March 2021 no adjustment was needed for the 75th percentile, but alternative employees were selected for the 25th percentile and median.

Year	Supporting information	25th percentile pay	Median pay	75th percentile pay
2020/21	Salary	£16,235	£17,788	£24,230
	Total pay	£16,540	£17,788	£24,762

Statement of Voting at Annual General Meeting

At the Annual General Meeting held on 10 September 2020, votes cast by proxy in respect of the approval of the Directors' Remuneration Report were as follows:

Resolution text	Number of votes cast for	Percentage of votes cast for	Number of votes cast against	Percentage of votes cast against	Total votes cast	Number of votes withheld
Approval of Remuneration Report 2020	96,950,017	99.07%	905,613	0.93%	97,855,630	36,661

At the Annual General Meeting held on 10 September 2020, votes cast by proxy in respect of the approval of the Directors' Remuneration Policy were as follows:

Resolution text	Number of votes cast for	Percentage of votes cast for	Number of votes cast against	Percentage of votes cast against	Total votes cast	Number of votes withheld
Approval of Remuneration Policy 2020	94,559,027	97.04%	2,881,462	2.96%	97,440,489	451,801

The Directors' Remuneration Report, encompassing pages 68 to 78, was approved by the Board and signed on its behalf.

HELEN JONES
CHAIR OF THE REMUNERATION COMMITTEE
8 July 2021

Independent Auditor's Report to the Members of Fuller, Smith & Turner P.L.C.

Opinion

In our opinion:

- Fuller, Smith & Turner P.L.C.'s Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 27 March 2021 and of the Group's loss for the 52 week period (the 'period') then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No.1606/2002 as it applies in the European Union;
- the Company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fuller, Smith & Turner P.L.C. (the 'Company') and its subsidiaries (the 'Group') for the 52 week period ended 27 March 2021 which comprise:

Group	Company
Group balance sheet as at 27 March 2021	Balance sheet as at 27 March 2021
Group income statement for the 52 week period then ended	Statement of changes in equity for the 52 week period then ended
Group statement of comprehensive income for the 52 week period then ended	Statement of cash flows for the 52 week period then ended
Group statement of changes in equity for the 52 week period then ended	Related notes 1 to 34 to the financial statements, including a summary of significant accounting policies
Group cash flows for the 52 week period then ended	
Related notes 1 to 34 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards to the Group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union and as regards the Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Members of Fuller, Smith & Turner P.L.C.

Continued

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the ongoing Coronavirus pandemic continues to result in uncertainty over the Group's ability to operate its pubs and therefore whether the Group will be able to comply with its banking covenants from 30 June 2022 onwards under a severe but plausible downside scenario. As stated in note 1, these events or conditions, along with the other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We draw attention to the viability statement in the Annual Report on page 26, which indicates that an assumption to the statement of viability is that the Group will complete a refinance of its debt facilities by February 2023. The Directors consider that the material uncertainties referred to in respect of going concern may cast significant doubt over the future viability of the Group and company should these events not complete. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of management's basis for use of the going concern basis of accounting. To challenge the completeness of this assessment, we independently identified factors that may indicate events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. Events or conditions were identified, and we designed our audit procedures to evaluate the effect of these risks on the Group's and Company's ability to continue as a going concern;
- Confirming our understanding of the directors' going concern assessment process;
- Assessing the adequacy of the going concern assessment period to 27 December 2022 and considering the existence of any significant events or conditions beyond this period;
- The audit engagement partner increased her time directing and supervising the audit procedures on going concern and utilised corporate finance specialists, with relevant hospitality sector expertise, to assist in assessing the integrity of the model and the assumptions employed;
- Agreeing the Group's available financing and related terms, including the changes in the period, and the post year-end amend and extend, to the original debt agreements and covenant waivers; and auditing the £52 million (net of expenses) equity raise completed in April 2021 back to supporting evidence, including share issue documentation and cash receipt;
- Obtaining the cash flow forecast models to 27 December 2022 used by the Board in its assessment, testing their arithmetical accuracy, ascertaining whether they have been approved by the Board and considering the Group's historical forecasting accuracy;
- Testing the assessment, including forecast liquidity and covenant compliance under base and downside scenarios, for clerical accuracy;
- Challenging the assumptions particularly over the timing and extent to which trading would recover to pre-Coronavirus levels, were realistic, achievable and consistent with the external and/or internal environment as well as other matters identified in the audit;
- Assessing, whether assumptions made were reasonable and in the case of the downside scenario, appropriately severe, in light of the Group's relevant principal risks and uncertainties; This included comparing management's forecasts to independent analyst commentary on the recovery of the pub sector;
- Considering the likelihood of management's ability to execute mitigating actions based on our understanding of the Group and the sector, including whether those mitigating actions were controllable by management. This assessment was supported by our analysis of management's historical ability to take controllable actions such as suspension of dividends, deferral of non-essential capital expenditure and inventory orders, as well as the likelihood of non-controllable actions such as obtaining further covenant waivers or raising additional funds through debt, equity or sale of pubs in the portfolio being plausible;
- Applying professional scepticism in performing our own independent reverse stress testing of the Group's cash flow forecast models and their impact on forecast liquidity and banking covenants to identify under what circumstances the Group's liquidity would be compromised, and whether the scenario has no more than a remote possibility of occurring;
- Considering the impact of a significant event beyond the going concern assessment period that was identified by the directors and the audit team, being the need to complete a refinancing of the Group's debt facilities prior to its expiry on 19 February 2023. We challenged whether there was a realistic prospect that the Group would be able to complete this refinancing. Our audit procedures included assessing the conclusions of the Group's external debt advisor, and the involvement of an EY debt advisory specialist to help us form an independent view; and
- Assessing the appropriateness of the going concern disclosures in describing the risks associated with the Group's and Company's ability to continue as a going concern for the period to 27 December 2022.

Our key observations

- The Group is experiencing a high level of disruption from the impact of the pandemic given the sector in which it operates. Therefore, there is uncertainty about the impacts of COVID-19 on management's forecasts in the going concern assessment period, with the key assumptions relating to further potential lockdowns and/or extensions to social distancing rules.
- On 31 March 2021, the Group agreed an Amend and Extend Refinancing of its existing debt facilities extending the maturity of the £192 million facilities to 19 February 2023 and amending the financial covenants to a minimum liquidity level of £10 million (tested monthly) until 31 March 2022 and then from quarter ending 25 June 2022 reverting to a covenant suite of net debt to EBITDA and EBITDA to net finance charges. Based on management's downside case, the Group would breach its banking covenants from June 2022, therefore requiring further covenant waivers to be negotiated.

We confirm that we are satisfied with management's conclusion that the Group and Company are a going concern, but that there is a material uncertainty over this assumption, and that management has accurately described this material uncertainty within the financial statements. We also determined going concern to be a key audit matter.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of the Group, which accounted for 100% of loss before taxation, 100% of revenue and 100% of total assets.
Key audit matters	– Going concern – Impairment of tangible and intangible assets – Deferred taxation on the pub estate – Management override in the recognition of revenue
Materiality	– Overall Group materiality of £0.9 million (2020: the predecessor auditor set their materiality threshold at £1.045 million). We used professional judgement to determine materiality given the impact of COVID-19 on the Group's relevant materiality measures.

An overview of the scope of the Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements.

The Group's operations are based solely in the United Kingdom with a single head office and finance function and therefore all audit procedures are completed by one audit team at this location. The audit team includes tax specialists.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements we performed full scope audit procedures over 100% of the Group's results for the 52 week period ended 27 March 2021 and 100% of the Group's total assets at that date. We obtained an understanding of the entity-level controls of the Group which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy.

Independent Auditor's Report to the Members of Fuller, Smith & Turner P.L.C.

Continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of tangible and intangible assets *Refer to the Audit Committee Report (page 53); Accounting policies (page 100); and Note 13 of the Consolidated Financial Statements (page 120)* At 27 March 2021 the carrying value of tangible assets is £672.1 million which is made up of property, plant and equipment (PP&E) and right-of-use asset (ROUA). Intangible assets have a carrying value of £27.4 million of which £26.7 million relates to goodwill recorded on business combinations in previous years. The continued uncertainties over the current economic environment caused by the Coronavirus pandemic, including the closure or restricted trading of all pubs in the UK, has been identified as an indicator of impairment. Impairment for tangible assets (property plant and equipment and the right-of-use assets) are tested on the basis of each individual cash generating unit (CGU) – an individual pub site. For intangible assets (goodwill) the testing is performed at the relevant group of CGUs that benefit from the goodwill. There is a risk that, given the uncertainties over future trading caused by the Coronavirus, pubs may not achieve the anticipated business performance to support their carrying value. This could lead to an impairment charge that has not been recognised by management. Significant judgement is required in forecasting future cash flows of each pub, the long-term growth rate and the rate at which cash flows are discounted. For a portion of the pub estate where the value-in-use model indicates a small impairment charge, an overlay based on the market value approach is performed which involves significant judgement in determining the fair value of these pubs.	We gained an understanding through a walkthrough of the process and controls management has in place over the impairment process. We validated that the methodology of the impairment exercise is consistent with the requirements of IAS 36 Impairment of Assets, including appropriate identification of cash generating units and the allocation of central service costs in the value in use calculations. We confirmed the mathematical accuracy of the models. Below we summarise the procedures performed in relation to the key judgements for the tangible (PP&E and ROUA) and intangible assets (goodwill) impairment review: – We analysed management's forecasts underlying the impairment review against past and current performance and external future economic forecasts incorporating a COVID-19 impact on the hospitality sector in the UK. – We compared the expectation of performance of the pub sites reopening to the recent government announcements and other external market indicators of economic recovery such as forecast GDP growth, searching for contrary evidence. – We critically challenged and assessed the reasonableness of management's recovery assumptions and post-COVID-19 assumptions with the assistance of our EY sector specialists. – We also performed sensitivity analysis based on reasonable possible changes to key assumptions determined by management being revenue, discount rate and long-term growth rate. We assessed that the reasonably possible change in assumptions applied by management were appropriate by reference to the ranges independently established by our work. – We engaged our EY internal specialists to independently calculate the discount rate and compare it to the discount rate applied in the models by management. – Where management's pub impairment assessment was based on the fair value approach, we engaged our property valuation specialists to review the methodology applied and audit the key assumptions that form part of the valuation in light of recent transactions in the market. We assessed the disclosures in notes to the financial statements against the requirements of IAS 36 Impairment of Assets, in particular the requirement to disclose further sensitivities for CGUs where a reasonably possible change in a key assumption would cause an impairment. We also assessed the related separately disclosed item accounting treatment by reference to the company's accounting policy, industry practice and the FRC guidance.	Based on our audit procedures we have concluded the impairment charge of £11.2 million (being £9.0 million PP&E impairment, £1.6 million ROUA impairment and £0.6 million goodwill impairment) is appropriately determined. We highlighted that a reasonably possible change in certain key assumptions including sales forecasts and risk adjustment factors could lead to material additional impairment charges. We concluded appropriate disclosures had been included by management for the above assumptions.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Deferred taxation on the pub estate *Refer to the Audit Committee Report (page 53); Accounting policies (page 105); and Note 7 and Note 34 of the financial statements (page 111 and 151 respectively)* At 27 March 2021, the Group had deferred tax assets of £17.0 million (Restated 2020: £10.0 million) and deferred tax liabilities of £22.3 million (Restated 2020: £23.1 million) and the Company had deferred tax assets of £16.9 million (Restated 2020: £9.5 million) and deferred tax liabilities of £22.3 million (Restated 2020: £20.3 million). A significant level of management judgement and complex calculations are required in accounting for the deferred tax. These are focused on: – Measuring deferred tax on pubs on a disposal, in-use or a dual basis. – The deferred tax treatment of fair value uplifts and rolled over gains and their interaction with indexation allowances. – Tracking which components of deferred tax in each pub should not be recognised under the initial recognition exemption of IAS 12. – The recognition or non-recognition of deferred tax assets on realised capital losses.	We performed a walkthrough of the Group's process for determining the deferred tax arising on the pub estate. In conjunction with our tax specialists, we tested the deferred tax calculations on the Group's freehold and leasehold pub portfolio. This focused on verifying the inputs into the deferred tax calculation, testing the mathematical accuracy and recalculating the deferred tax for a sample of pubs across the estate. This included a review of capital losses, rollover relief, indexation allowances and initial recognition exemptions, as well as management's calculation of the impact of a historical error in the calculation, which has been adjusted as a prior year adjustment. Additionally, we verified the deferred tax calculations are consistent with UK Tax laws and the Group's practice in filing tax returns. We challenged management on the assumptions used in calculating the deferred tax balances, including whether the deferred tax application was consistent with the Group's intended manner of recovery for each pub in the deferred tax calculations and was consistent with the assumptions concerning depreciation and residual value in the fixed asset register. We considered whether the related deferred tax disclosures, included in note 7 to the Group financial statements, were in line with IAS 12 requirements.	We identified an error in the current year deferred tax workings relating to the underlying methodology applied by management. This has also resulted in the prior year adjustment of £4.0 million in the Group and £3.6 million for the Company that has been reflected in the accounts. Following correction of the methodology we conclude management's judgement arising on the deferred tax calculation to be appropriate. We also consider that the disclosures in note 7 and note 34 to the Group and Company financial statements, including the description of the prior year adjustment, are appropriate.
Management override in the recognition of revenue *Refer to the Accounting policies (page 104) and Note 3 of the financial statements (page 108)* The Group recorded revenue of £73.2 million in the period (2020: £316.0 million), including £64.0 million in the Managed houses segment (2020: £286.3 million) and £9.2 million in the Tenanted Inns segment (2020: £29.7 million). The vast majority of the Group's revenue transactions are non-complex, with no judgement applied over the amount recorded. We consider the significant risk relating to revenue to be around management override of controls and topside journals to revenue in the Managed and Tenanted estate. For Managed houses, revenue is typically comprised of a large number of low value transactions. Although there is little management judgement involved, there is a risk that manual topside adjustments could be posted which could result in revenue being overstated or not recorded. For Tenanted Inns there is also a risk that manual topside adjustments could be posted to revenue.	We performed a walkthrough of each of the Group's significant revenue processes, including the recording of manual journal adjustments, and assessed the design effectiveness of the key controls that are in place. We applied correlation data analysis over the Group's entire revenue journal population to identify how much of the Group's revenue is converted to cash postings and to isolate non-standard revenue transactions for further analysis, focusing our testing on higher risk transactions identified. We searched for any topside journals to revenue, but none were identified. We performed cut-off testing procedures including review of post period end cash receipts and journals, and an analytical review of significant variances to the prior year, to assess for completeness.	We did not identify any instances of management override of controls, including through topside journals. Based on our work, which included using data analysis tools to test 100% of the Group's revenue transactions and the extent to which they converted to trade receivables or cash, we consider that revenue is fairly stated.

Independent Auditor's Report to the Members of Fuller, Smith & Turner P.L.C.

Continued

The key audit matters set out above are consistent with those reported by Fuller, Smith & Turner plc's previous external auditor with the exception of:

- Addition of the key audit matter around the deferred tax on the pub estate given the complexity around the calculation and the prior year adjustment identified which increased our audit effort in this area.
- Removal of the key audit matters in relation to the adoption and accounting for IFRS 16 as the risk in the current year has reduced as lease changes are lower in frequency and value.
- Similarly, the previous auditor included a key audit matter in relation to separately disclosed items, for which we do not consider there to a key audit matter given the quantum of the balance excluding impairments as we have identified that as a KAM above.
- Lastly, the previous auditor included a key audit matter in relation to the disposal of the brewery business. As this is a non-recurring transaction, there is no such key audit matter for the current period.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group and Company to be £0.9 million (2020: £1.05 million determined by the Group's predecessor auditor), based on our professional judgement on relevant metrics used by investors and other users of the financial statements. Materiality in 2020 was based on our judgement of normalised earnings of the Group. To form the basis of this assessment we have considered the average adjusted profit before tax for continuing operations for financial years 2019 – 2020 and restricted the percentage applied to that basis to 3% (from the usual 5% applied for listed entities) to factor in the decline in trade in 2021 driven by the Coronavirus pandemic.

During the course of our audit, we reassessed initial materiality to reflect the impact of COVID-19 on Fuller, Smith & Turner P.L.C. We concluded that no change is required to our final materiality.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £0.45 million (2020: 65% of planning materiality determined by the Group's predecessor auditor). We have set performance materiality at this percentage as this year is a first year audit.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £45,000, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement
The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Aside from the impact of the matters disclosed in the material uncertainty related to going concern section, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 25;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 96;
- Directors' statement on fair, balanced and understandable set out on page 45;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 45;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 54; and
- The section describing the work of the Audit Committee set out on page 52.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 45, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report to the Members of Fuller, Smith & Turner P.L.C.

Continued

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are Companies Act 2006, Health & Safety and food hygiene laws, Minimum Wage regulations, Money Laundering regulations and the UK Corporate Governance Code 2018.
- We understood how the Company is complying with those frameworks by making inquiries of management, those charged with governance, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquires through inspection of board minutes and correspondence with regulatory authorities and through attendance at Audit Committee meetings.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by making inquiries of management, those charged with governance and various other individuals within the financial reporting function. We corroborated these inquiries by inspecting board minutes, internal audit reports and findings, reports to the Group's internal whistleblowing hotline and by understanding both the Group's bonus scheme structure and the expectations of investors and analysts, to understand areas in which individuals may be incentivised to commit fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making inquiries as described above, inspecting minutes of all significant board and committee meetings, reading correspondence with regulatory authorities, testing manual journal entries with higher risk characteristics and testing unusual or non-standard transactions.

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

Other matters we are required to address

Following the recommendation from the Audit Committee, we were appointed by the company on 27 January 2021 to audit the financial statements for the 52 week period ended 27 March 2021 and subsequent financial periods.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

RACHEL SAVAGE
SENIOR STATUTORY AUDITOR
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
8 July 2021

Group Income Statement

for the 52 weeks ended 27 March 2021

	Note	52 weeks ended 27 March 2021 £m	Restated[1] 52 weeks ended 28 March 2020 £m
Continuing operations			
Revenue	3	**73.2**	316.0
Operating costs before separately disclosed items	4	**(113.7)**	(292.7)
Other income	3	**0.2**	3.7
Adjusted operating (loss)/profit		**(40.3)**	27.0
Operating separately disclosed items	5	**(14.8)**	(20.1)
Operating (loss)/profit		**(55.1)**	6.9
Finance costs	6	**(8.4)**	(7.6)
Financing separately disclosed items	5, 6	**(0.1)**	(0.5)
Profit on disposal of properties	5	**5.8**	9.6
(Loss)/profit before income tax		**(57.8)**	8.4
Adjusted (loss)/profit before income tax		**(48.7)**	19.4
Total separately disclosed items	5	**(9.1)**	(11.0)
(Loss)/profit before income tax		**(57.8)**	8.4
Tax	7	**9.6**	(5.2)
Analysed as:			
Underlying trading	7	**8.9**	(7.2)
Separately disclosed items	5, 7	**0.7**	2.0
(Loss)/profit from continuing operations		**(48.2)**	3.2
Net (loss)/profit from discontinued operations after tax	21	**(1.4)**	157.7
(Loss)/profit for the year		**(49.6)**	160.9

1 Refer to Note 34 for details of restatement.

Group Income Statement

for the 52 weeks ended 27 March 2021

Continued

Group **(Loss)/earnings per share per 40p 'A' and 'C' ordinary share**	Note	**52 weeks ended 27 March 2021 Pence**	Restated[1] 52 weeks ended 28 March 2020 Pence
Basic	8, 21	**(89.84)**	291.89
Diluted	8, 21	**(89.84)**	291.21
(Loss)/earnings per share per 4p 'B' ordinary share			
Basic	8, 21	**(8.98)**	29.19
Diluted	8, 21	**(8.98)**	29.12
Continuing operations **(Loss)/earnings per share per 40p 'A' and 'C' ordinary share**			
Basic	8	**(87.31)**	5.81
Diluted	8	**(87.31)**	5.79
(Loss)/earnings per share per 4p 'B' ordinary share			
Basic	8	**(8.73)**	0.58
Diluted	8	**(8.73)**	0.58

1 Refer to Note 34 for details of restatement.

Group Statement of Comprehensive Income

for the 52 weeks ended 27 March 2021

	Note	52 weeks ended 27 March 2021 £m	Restated[1] 52 weeks ended 28 March 2020 £m
(Loss)/profit for the year		**(49.6)**	160.9
Items that may be reclassified to profit or loss in subsequent years (net of tax)			
Net gains on valuation of financial assets and liabilities	28	**0.5**	0.2
Tax related to items that may be reclassified to profit or loss	7	**(0.1)**	(0.1)
Items that will not be reclassified to profit or loss in subsequent years (net of tax)			
Net actuarial (losses)/gains on pension schemes	25	**(1.0)**	5.9
Tax related to items that will not be reclassified to profit or loss	7	**0.2**	(1.1)
Other comprehensive (losses)/gains for the year, net of tax		**(0.4)**	4.9
Total comprehensive (expenses)/income for the year net of tax		**(50.0)**	165.8

1 Refer to Note 34 for details of restatement.

Group Balance Sheet

27 March 2021

	Note	Group 2021 £m	Restated[1] Group 2020 £m
Non-current assets			
Intangible assets	10	**27.3**	27.5
Property, plant and equipment	11	**590.2**	617.7
Investment properties	12	**3.1**	4.8
Other non-current assets	15	**–**	0.1
Right-of-use assets	17	**81.9**	107.0
Total non-current assets		**702.5**	757.1
Current assets			
Inventories	19	**2.1**	4.0
Trade and other receivables	20	**11.5**	12.6
Current tax receivable		**4.0**	6.0
Cash and short-term deposits	24	**17.1**	20.3
Total current assets		**34.7**	42.9
Assets classified as held for sale	22	**9.6**	2.6
Total assets		**746.8**	802.6
Current liabilities			
Trade and other payables	23	**(28.7)**	(37.7)
Provisions	27	**(4.0)**	(4.1)
Borrowings	24	**(207.7)**	(171.7)
Lease liabilities	17	**(6.7)**	(8.9)
Total current liabilities		**(247.1)**	(222.4)
Non-current liabilities			
Borrowings	24	**(27.5)**	(27.5)
Lease liabilities	17	**(83.2)**	(104.0)
Other financial liabilities	14	**(0.7)**	(1.1)
Retirement benefit obligations	25	**(3.5)**	(4.7)
Deferred tax liabilities	7	**(5.3)**	(13.1)
Total non-current liabilities		**(120.2)**	(150.4)
Net assets		**379.5**	429.8
Capital and reserves			
Share capital	29	**22.8**	22.8
Share premium account	29	**4.2**	4.2
Capital redemption reserve	29	**3.7**	3.7
Own shares	29	**(17.0)**	(17.1)
Hedging reserve	29	**(0.5)**	(0.9)
Retained earnings		**366.3**	417.1
Total equity		**379.5**	429.8

1 Refer to Note 34 for details of restatement.

Approved by the Board and signed on 8 July 2021.

Michael Turner

M J TURNER, FCA
CHAIRMAN
Registered Number: 241882

Company Balance Sheet

27 March 2021

	Note	Company 2021 £m	Restated[1] Company 2020 £m
Non-current assets			
Intangible assets	10	**4.0**	2.6
Property, plant and equipment	11	**590.2**	593.8
Investment properties	12	**3.1**	4.8
Other non-current assets	15	**–**	0.1
Right-of-use assets	17	**81.4**	96.6
Investments in subsidiaries	16	**109.3**	122.4
Total non-current assets		**788.0**	820.3
Current assets			
Inventories	19	**2.1**	3.5
Trade and other receivables	20	**11.4**	19.4
Current tax receivable		**3.9**	5.9
Cash and short-term deposits	24	**16.9**	19.2
Total current assets		**34.3**	48.0
Assets classified as held for sale	22	**9.6**	2.6
Total assets		**831.0**	870.9
Current liabilities			
Trade and other payables	23	**(161.6)**	(165.2)
Provisions	27	**(4.0)**	(4.1)
Borrowings	24	**(207.7)**	(171.7)
Lease liabilities	17	**(6.5)**	(7.9)
Total current liabilities		**(379.8)**	(348.9)
Non-current liabilities			
Borrowings	24	**(27.5)**	(27.5)
Lease liabilities	17	**(81.8)**	(91.7)
Other financial liabilities	14	**(0.7)**	(1.1)
Retirement benefit obligations	25	**(3.5)**	(4.7)
Deferred tax liabilities	7	**(5.4)**	(10.8)
Total non-current liabilities		**(118.9)**	(135.8)
Net assets		**333.2**	386.2
Capital and reserves			
Share capital	29	**22.8**	22.8
Share premium account	29	**4.2**	4.2
Capital redemption reserve	29	**3.7**	3.7
Own shares	29	**(17.0)**	(17.1)
Hedging reserve	29	**(0.5)**	(0.9)
Merger reserve		**(1.6)**	
Retained earnings		**321.6**	373.5
Total equity		**332.2**	386.2

1 Refer to Note 34 for details of restatement.

Loss attributable to ordinary shareholders and included in the financial statements of the Parent Company was £50.7 million (2020: £142.0 million profit).

Approved by the Board and signed on 8 July 2021.

M J TURNER, FCA
CHAIRMAN
Registered Number: 241882

Group Statement of Changes in Equity

for the 52 weeks ended 27 March 2021

Group	Share capital (note 29) £m	Share premium account (note 29) £m	Deferred shares £m	Capital redemption reserve (note 29) £m	Own shares (note 29) £m	Hedging reserve £m	Retained earnings (restated) £m	Total £m
At 30 March 2019 (restated)[1]	22.8	4.8	–	3.1	(19.8)	(0.8)	332.4	342.5
Profit for the year (restated)[1]	–	–	–	–	–	–	160.9	160.9
Other comprehensive income for the year	–	–	–	–	–	0.1	4.8	4.9
Total comprehensive income for the year	–	–	–	–	–	0.1	165.7	165.8
Issue of share capital (note 29)	0.6	(0.6)	–	–	–	–	–	–
Reclassification of deferred shares (note 29)	(0.6)	–	0.6	–	–	–	–	–
Cancellation of deferred shares (note 29)	–	–	(0.6)	0.6	–	–	–	–
Shares purchased to be held in ESOT or as treasury	–	–	–	–	(0.5)	–	–	(0.5)
Shares released from ESOT and treasury	–	–	–	–	3.2	–	(1.1)	2.1
Dividends (note 9)	–	–	–	–	–	–	(80.5)	(80.5)
Share-based payment charges	–	–	–	–	–	–	0.5	0.5
Transfer to retained earnings	–	–	–	–	–	(0.2)	0.2	–
Tax debited directly to equity (note 7)	–	–	–	–	–	–	(0.1)	(0.1)
Total transactions with owners	–	(0.6)	–	0.6	2.7	(0.2)	(81.0)	(78.5)
At 28 March 2020 (restated)[1]	**22.8**	**4.2**	**–**	**3.7**	**(17.1)**	**(0.9)**	**417.1**	**429.8**
Loss for the year	–	–	–	–	–	–	(49.6)	(49.6)
Other comprehensive income/(expense) for the year	–	–	–	–	–	0.4	(0.8)	(0.4)
Total comprehensive income/(loss) for the year	–	–	–	–	–	0.4	(50.4)	(50.0)
Shares purchased to be held in ESOT or as treasury	–	–	–	–	–	–	–	–
Shares released from ESOT and treasury	–	–	–	–	0.1	–	(0.1)	–
Dividends (note 9)	–	–	–	–	–	–	–	–
Share-based payment credits	–	–	–	–	–	–	(0.3)	(0.3)
Total transactions with owners	–	–	–	–	0.1	–	(0.4)	(0.3)
At 27 March 2021	**22.8**	**4.2**	**–**	**3.7**	**(17.0)**	**(0.5)**	**366.3**	**379.5**

1 Refer to Note 34 for details of restatement.

Company Statement of Changes in Equity

for the 52 weeks ended 27 March 2021

Company	Share capital (note 29) £m	Share premium account (note 29) £m	Deferred shares £m	Capital redemption reserve (note 29) £m	Own shares (note 29) £m	Hedging reserve £m	Merger reserve £m	Retained earnings (restated) £m	Total £m
At 30 March 2019 (restated)[1]	22.8	4.8	–	3.1	(19.8)	(0.8)		307.7	317.8
Profit for the year (restated)[1]	–	–	–	–	–	–	–	142.0	142.0
Other comprehensive income for the year	–	–	–	–	–	0.1	–	4.8	4.9
Total comprehensive income for the year	–	–	–	–	–	0.1	–	146.8	146.9
Issue of share capital (note 29)	0.6	(0.6)	–	–	–	–	–	–	–
Reclassification of deferred shares (note 29)	(0.6)	–	0.6	–	–	–	–	–	–
Cancellation of deferred shares (note 29)	–	–	(0.6)	0.6	–	–	–	–	–
Shares purchased to be held in ESOT or as treasury	–	–	–	–	(0.5)	–	–	–	(0.5)
Shares released from ESOT and treasury	–	–	–	–	3.2	–	–	(1.1)	2.1
Dividends (note 9)	–	–	–	–	–	–	–	(80.5)	(80.5)
Transfer to retained earnings	–	–	–	–	–	(0.2)	–	0.2	–
Share-based payment charges	–	–	–	–	–	–	–	0.5	0.5
Tax debited directly to equity (note 7)	–	–	–	–	–	–	–	(0.1)	(0.1)
Total transactions with owners	–	(0.6)	–	0.6	2.7	(0.2)	–	(81.0)	(78.5)
At 28 March 2020 (restated)	**22.8**	**4.2**	**–**	**3.7**	**(17.1)**	**(0.9)**	**–**	**373.5**	**386.2**
Loss for the year	–	–	–	–	–	–	–	(50.7)	(50.7)
Other comprehensive income for the year	–	–	–	–	–	0.4	–	(0.8)	(0.4)
Total comprehensive income for the year	–	–	–	–	–	0.4	–	(51.5)	(51.1)
Shares purchased to be held in ESOT or as treasury	–	–	–	–	–	–	–	–	–
Shares released from ESOT and treasury	–	–	–	–	0.1	–	–	(0.1)	–
Dividends (note 9)	–	–	–	–	–	–	–	–	–
Hive up of Bel & The Dragon	–	–	–	–	–	–	(1.6)	–	(1.6)
Share-based payment charges	–	–	–	–	–	–	–	(0.3)	(0.3)
Total transactions with owners	–	–	–	–	0.1	–	(1.6)	(0.4)	(1.9)
At 27 March 2021	**22.8**	**4.2**	**–**	**3.7**	**(17.0)**	**(0.5)**	**(1.6)**	**321.6**	**333.2**

1 Refer to Note 34 for details of restatement.

Group Cash Flow Statement

for the 52 weeks ended 27 March 2021

	Note	Group 52 weeks ended 27 March 2021 £m	Group 52 weeks ended 28 March 2020 £m
(Loss)/profit before tax for continuing operations		**(57.8)**	8.4
Net finance costs before separately disclosed items	6	**8.4**	7.6
Separately disclosed items	5	**9.1**	11.0
Depreciation and amortisation	4	**27.2**	26.9
		(13.1)	53.9
Difference between pension charge and cash paid		**(2.3)**	(2.3)
Contribution to pension fund		–	(24.0)
Share-based payment (credit)/charges		**(0.3)**	0.5
Change in trade and other receivables		**(0.4)**	(1.1)
Change in inventories		**1.7**	1.1
Change in trade and other payables		**(6.4)**	(1.5)
Cash impact of operating separately disclosed items	5	**(1.5)**	(5.0)
Cash (absorbed by)/generated from operations		**(22.3)**	21.6
Tax received/(paid)		**3.4**	(10.1)
Cash (absorbed by)/generated from operating activities – continuing operations		**(18.9)**	11.5
Cash (absorbed by)/generated from operating activities – discontinued operations	21	**(0.4)**	1.5
Net cash (absorbed by)/generated from operating activities		**(19.3)**	13.0
Cash flow from investing activities			
Business combinations		–	(32.8)
Purchase of property, plant and equipment and intangibles		**(16.5)**	(46.7)
Sale of property, plant and equipment, right-of-use assets and assets held for sale		**10.8**	11.4
Cash absorbed by investing activities – continuing operations		**(5.7)**	(68.1)
Cash generated from investing activities – discontinued operations	21	**0.3**	224.5
Net cash (outflow)/inflow from investing activities		**(5.4)**	156.4
Cash flow from financing activities			
Purchase of own shares		–	(0.5)
Receipts on release of own shares to option schemes	29	–	2.3
Interest paid		**(4.5)**	(4.7)
Preference dividends paid		**(0.1)**	(0.1)
Equity dividends paid	9	–	(80.5)
Drawdown of bank loans	24	**99.4**	–
Repayment of bank loans	24	**(64.0)**	(65.4)
Repayment of obligations under leases	17	**(9.2)**	(10.3)
Cash generated/(absorbed by) financing activities – continuing operations		**21.6**	(159.2)
Cash absorbed by investing activities – discontinued operations	21	**(0.1)**	(0.9)
Net cash inflow/(outflow) from financing activities		**21.5**	(160.1)
Net movement in cash and cash equivalents		**(3.2)**	9.3
Cash and cash equivalents at the start of the year	24	**20.3**	11.0
Total cash and cash equivalents at the end of the year	24	**17.1**	20.3

Company Cash Flow Statement

for the 52 weeks ended 27 March 2021

	Note	Company 52 weeks ended 27 March 2021 £m	Company 52 weeks ended 28 March 2020 £m
Loss before tax for continuing operations		**(60.3)**	(17.8)
Net finance costs before separately disclosed items		**12.1**	10.3
Separately disclosed items		**8.5**	35.8
Depreciation and amortisation		**26.8**	25.6
		(12.9)	53.9
Difference between pension charge and cash paid		**(2.3)**	(2.3)
Contribution to pension fund		**–**	(24.0)
Share-based payment (credit)/charges		**(0.3)**	0.5
Change in trade and other receivables		**7.1**	(10.9)
Change in inventories		**1.7**	1.1
Change in trade and other payables		**(14.7)**	0.8
Cash impact of operating separately disclosed items	5	**(1.5)**	(4.8)
Cash (absorbed by)/generated from operations		**(22.9)**	14.3
Tax received/(paid)		**3.6**	(10.1)
Cash (absorbed by)/generated from operating activities – continuing operations		**(19.3)**	4.2
Cash absorbed by operating activities – discontinued operations		**–**	–
Net cash (absorbed by)/generated from operating activities		**(19.3)**	4.2
Cash flow from investing activities			
Business combinations		**0.2**	(34.1)
Purchase of property, plant and equipment		**(16.5)**	(46.2)
Sale of property, plant and equipment, right-of-use assets and assets held for sale		**10.8**	11.4
Cash absorbed by investing activities – continuing operations		**(5.5)**	(68.9)
Cash generated from investing activities – discontinued operations		**0.6**	225.4
Net cash (outflow)/inflow from investing activities		**(4.9)**	156.5
Cash flow from financing activities			
Purchase of own shares		**–**	(0.5)
Receipts on release of own shares to option schemes	29	**–**	2.3
Interest paid		**(4.5)**	(4.7)
Preference dividends paid		**(0.1)**	(0.1)
Equity dividends paid	9	**–**	(80.5)
Drawdown of bank loans	24	**99.4**	–
Repayment of bank loans	24	**(64.0)**	(57.1)
Repayment of obligations under leases	17	**(8.9)**	(10.1)
Cash generated/(absorbed by) investing activities – continuing operations		**21.9**	(150.7)
Cash generated from financing activities – discontinued operations		**–**	–
Net cash inflow/(outflow) from financing activities		**21.9**	(150.7)
Net movement in cash and cash equivalents		**(2.3)**	10.0
Cash acquired on acquisition		**–**	–
Cash and cash equivalents at the start of the year	24	**19.2**	9.2
Total cash and cash equivalents at the end of the year	24	**16.9**	19.2

Notes to the Financial Statements

1. Authorisation of Financial Statements and Accounting Policies

Authorisation of Financial Statements

The financial statements of Fuller, Smith & Turner P.L.C. and its subsidiaries (the "Group") for the 52 weeks ended 27 March 2021 were authorised for issue by the Board of Directors on 8 July 2021 and the Balance Sheet was signed on the Board's behalf by M J Turner. Fuller, Smith & Turner P.L.C. is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary 'A' shares are traded on the London Stock Exchange.

Significant Accounting Policies

Basis of preparation

The Group's and Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union, and applied to the financial statements of the Group and the Company for the 52 weeks ended 27 March 2021. The principal accounting policies adopted by the Group and by the Company are set out in the accounting policies below.

The Group and Company financial statements are presented in Sterling and all values are shown in millions of pounds (£m) rounded to the nearest hundred thousand, except where otherwise indicated.

As permitted by Section 408 of the Companies Act 2006 a separate Income Statement for the Parent Company has not been prepared.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 38 and include the section entitled "Principal risks and uncertainties" on pages 28 to 30. In the Financial Review section on pages 22 to 26 it describes the financial position of the Group, its cash flows and liquidity position. In addition, note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, borrowing facilities, and its exposure to credit risk and liquidity risk.

The Directors have prepared the 2021 financial statements on a going concern basis after assessing the continued impact of the coronavirus pandemic including further lockdowns and restrictions as well as the Group's financing arrangement and other principal risks and uncertainties.

At 27 March 2021, the Group had a strong Balance Sheet with 91% of the estate being freehold properties and available headroom on facilities of £84.0 million and £17.1 million of cash and resulting net debt of £218.1 million excluding leases.

The Group had existing facilities of £292 million; £192 million was due to expire in August 2021 with the rest being the £100 million CCFF, which expired in May 2021. Post year end, the Group agreed an Amend and Extend Refinancing of its existing debt facilities with its relationship banks, extending the maturity of the £192 million facilities to 19 February 2023 and amending the financial covenants to a minimum liquidity level of £10 million to be tested monthly until 31 March 2022. In June 2022 the Company will revert to a covenant suite of net debt to EBITDA (leverage) and EBITDA to net finance charges.

After year end, the Group proposed placing new 'A' shares up to appropriately 20% of existing issued 'A' ordinary share capital. The refinancing of the facilities was conditional on the successful equity raise. On 20 April 2021 the equity raise was approved by the shareholders at the Extraordinary General Meeting ("EGM") and the net proceeds of £52 million were received the same day. The proceeds of the equity raise, along with the Group's existing facilities, were used to repay the CCFF on 12 May 2021.

As well as extending the bank facilities and raising funds through an equity raise, the Group has implemented a number of mitigating actions to reduce cash outflows and maintain liquidity, as follows:

- A final dividend was not declared for FY20, nor has one been declared for FY21
- Participated in government initiatives to protect the viability of the business, including the CJRS, Eat Out to Help Out scheme and Business Rates Relief and grants, and was confirmed as an eligible issuer under the CCFF
- Rightsized staff across the entire pub estate and streamlined the support function to reduce the cost base
- Board and Executive Team members took a temporary voluntary salary reduction.

The Group has modelled two financial scenarios covering the period to 27 December 2022 (the "going concern assessment period") that reflect the potential continued impact of the coronavirus pandemic:

The Group's "base case" assumes that even though the estate was fully open from May 2021, sales in FY22 will still be impacted by reduction in international travel, slow return to offices and continued impact on consumer confidence. This will be marginally offset by increase in weddings, staycations and small increase in suburban areas as people stay at home to work. Under this scenario there would be significant headroom and all covenants would be compiled with for the duration of the going concern period.

A "downside case" assumes there will be three months of full lockdown in FY22, being December 2021 through to February 2022, and a further three months with severe restrictions akin to those experienced in October 2020. In FY23, there will be one further month of severe restrictions in place and then from May 2022 trading will resume in line with the base case.

Under the "downside case" without additional mitigating action, the covenants on reinstatement in June 2022 through to December 2022 would be breached. The Directors consider the significant reduction in sales modelled under this scenario, which largely reflects a repeat of FY21 in the second half of the year, to be unlikely given the continued successful roll out of the vaccine. However, with the continued threat of variants and the unknown impact that these could have, this downside scenario whilst severe is plausible.

Although the model shows there would be adequate liquidity headroom even under this scenario, the Directors would need to seek waivers for debt and interest coverage covenants that will be reinstated from June 2022 under the terms of the loan extensions. The Directors are confident that in this case it would be possible to agree waivers for these covenants with its lending banks (as has been the case in prior lockdown scenarios). In addition, the Group could also implement further mitigating actions before this point in time comprising deferring capital expenditure, further disposals of parts of the Group's valuable freehold property estate and cost reductions such as redundancies. It is possible that the extent of these mitigating actions would negate the need to get waivers in place.

After due consideration of the matters set out above, the Directors are satisfied that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least the going concern assessment period to 27 December 2022. However, as the downside scenario shows that the covenants would be breached when reinstated from June 2022 through to December 2022, within the going concern period, and not all the mitigating actions required to prevent this are within management's control, there is a material uncertainty that may cast doubt on the Group's and Company's ability to continue as a going concern. The financial statements do not reflect any adjustments that would be required to be made, if they were prepared on a basis other than the going concern basis.

Significant accounting judgements, estimates and assumptions

The areas of estimation and assumption which are considered to be significant in the preparation of the financial statements are as follows:

The Group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash-generating units ("CGUs") to which the goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate. Full details are supplied in note 13, together with an analysis of those key assumptions.

The Group reviews for impairment of all property, plant and equipment and right-of-use assets at CGU level where there is any indication of impairment. This requires an estimation of the value in use and involves estimation of future cash flows and choosing a suitable discount rate. See note 13, which describes the assumptions used together with an analysis of the key assumptions.

Measurement of defined benefit pension obligations requires estimation of future changes in inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate. These have been determined on advice from the Group's qualified actuary. The estimates used and the key assumptions are provided in note 25.

The calculation of lease liabilities requires the Group to determine an incremental borrowing rate ("IBR") to discount future minimum lease payments. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. A sensitivity analysis has been conducted on the lease liabilities which shows that increasing the discount rate by 1% will decrease the lease liability by £5.9 million and decrease the right-of-use asset by £6.0 million. See note 17 for further details on leases.

Estimation is required to determine the expenditure that will result from a present legal obligation arising from a past event. In the current year, the Group have estimated the expected expenditure for a legal claim. The Directors believe the recognised provision in relation to this specific matter reflects the best estimate of the most likely current outcome at the reporting date, based on a probability weighting with a material range of potential outcomes. The claim has still not been resolved at the date of signing and any further details have not been disclosed for serious prejudicial reasons.

The areas of judgement which are considered to be significant in the preparation of the financial statements are as follows:

In concluding that there was a material uncertainty over going concern the Directors had to consider a number of possible scenarios due to the uncertainty of how the pandemic will continue to impact the business. They also needed to use their judgement to assess the most likely scenario and the impact this would have on the covenants and the facilities to assess what the material uncertainty was. Refer to going concern on page 96 for details of the scenarios judged most likely.

Judgement is used to determine those items, that should be separately disclosed to allow a better understanding of the underlying trading performance of the Group. The judgement includes assessment of whether an item is of a nature that is not consistent with normal trading activities or of sufficient size or infrequency. See note 5 for further details.

Notes to the Financial Statements

Continued

1. Authorisation of Financial Statements and Accounting Policies continued

Judgement was required in assessing whether a rent concession given by the Group to its lessees constituted a lease modification or was covered by the original contract. The contract needed to be assessed in light of the circumstances that gave rise to the concession. It was determined that given the Tenants could not legally use the premises the concession was permitted within the contract. It was therefore not treated as a modification and spread over the lease term but instead recognised in the financial year.

The Group has exercised significant accounting estimation and judgement in the recognition of deferred tax liabilities in respect of property, plant and equipment. Significant accounting estimates and judgements include those used to determine the amount of net book value of property, plant and equipment to which the initial recognition exemption applies, the calculation of the tax base on sale (which is subject to certain restrictions under tax law) and the offsetting of inherent losses against inherent gains where tax losses are expected to be utilised against future profits and gains.

Basis of consolidation

The Group financial statements consolidate the financial statements of Fuller, Smith & Turner P.L.C. and the entities it controls (its subsidiaries) drawn up for the 52 weeks ended 27 March 2021 (2020: 52 weeks ended 28 March 2020). Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to direct the relevant activities of the subsidiary which significantly affect the return of the subsidiary, so as to obtain benefit from its activities, and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

Adoption of new standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 29 March 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 – Definition of a Business
- Conceptual Framework for Financial Reporting
- Covid-19 Related Rent Concessions – Amendment to IFRS 16 – The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group has elected to not take the practical expedient and instead has treated rent concessions received as lease modifications.

The Directors do not believe the adoption of new standards has had any significant impact on the amounts reported in the financial statements.

Business combinations and goodwill

Business combinations are accounted for under IFRS 3 Business Combinations using the purchase method. Any excess of the consideration of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the Balance Sheet as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the Income Statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. Any impairment of goodwill made cannot be reversed if circumstances subsequently change.

For the purpose of impairment testing, goodwill is allocated to the related CGUs (or group of CGUs) monitored by management. Where the recoverable amount of the CGU is less than its carrying amount, including goodwill, an impairment loss is recognised in the Income Statement.

The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of the CGU, or of an operation within it.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis to write down the cost to the estimated residual value over the expected useful life of the asset as follows:

Freehold buildings – Hotel accommodation and offices	Up to 50 years
Freehold buildings – Licensed retail property and unlicensed property	50 to 100 years
Leasehold improvements	The term of the lease
Roofs	From 10 to 50 years
Plant, machinery and vehicles, containers, fixtures and fittings	From three years up to 25 years

As required under IAS 16 Property, Plant and Equipment, expected useful lives and residual values are reviewed every year. Land is not depreciated. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement when the asset is derecognised.

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Coronavirus Job Retention Scheme ("CJRS")
Under this scheme, HMRC will reimburse up to 80% of the wages of certain employees who have been asked to stop working, but who are being kept on the payroll ("furloughed"). The scheme is designed to compensate for staff costs, so amounts received are recognised in the Income Statement over the same period as the costs to which they relate. In the Income Statement payroll costs are shown net of grant income.

Eat Out to Help Out
From 3 to 31 August 2020, HMRC offered a 50% discount of food and non-alcoholic drinks, capped to £10 per person, when dining out between Monday and Wednesday. Revenue includes amounts reimbursed from HMRC in respect of the scheme.

Business rates
Businesses in the retail, hospitality and leisure sectors in England do not have to pay business rates for the 2020 to 2021 tax year. No business rate charge has therefore been recognised in the Income Statement for the period ended 27 March 2021. Income relating to the business rate grants has been recognised in operating expenses in the Income Statement.

Covid Corporate Financing Facility ("CCFF")
Commercial Paper issued to the Bank of England at a favourable yield is deemed to constitute a government grant. The debt has been recognised within current borrowings on the Balance Sheet at fair value, with the grant element, reflecting the favourable yield, recognised as deferred income within trade and other payables. On amortisation, the grant element has been recognised within finance costs, consistent with where the cost is recognised, as the Group's policy is to present the income as a deduction from the related expense.

Hive-up transaction
When a subsidiary transfers its business to its parent immediately after acquisition (hive-up transaction) the assets are transferred at market value and the investment is reduced to reflect the net effect of a return of capital in the form of the underlying net assets with any difference taken to the merger reserve.

Investment property
The Group owns properties that are not used for the sale of goods or services but are held for capital appreciation or rental purposes. These properties are classified as investment properties and their carrying values are based on cost less impairment. Depreciation is calculated on a straight-line basis to write down the cost to the estimated residual value over the expected useful life of the asset, which for investment properties is between 50 to 100 years.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Notes to the Financial Statements

Continued

1. Authorisation of Financial Statements and Accounting Policies continued

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use and will be amortised over the period of expected future benefit. Amortisation is recorded in operating costs. During the period of development, the asset is tested for impairment annually.

Impairment

Carrying values are reviewed for impairment if events indicate that the carrying value of the asset may not be recoverable. If such an indicator exists and where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their recoverable amounts. An asset's recoverable amount is the greater of the fair value less costs to sell, and the value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the smallest CGUs to which the asset belongs.

The Group bases its impairment calculation on most recent management approved budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of two years. A long-term growth rate is calculated and applied to project future cash flows after the second year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Impairment losses, and any reversal of such losses, are recognised in the Income Statement.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

b) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Extensions to leases are recognised when it is reasonably certain the option is going to be exercised.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

The Group's lease liabilities are included in Cash, Borrowings and Net Debt (see note 24).

c) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Income Statement due to its operating nature.

Assets held for sale and discontinued operations
Assets are classified as held for sale when the carrying amount will be recovered principally through a sale transaction rather than continuing use. The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets held for sale are valued at the lower of the carrying amount and fair value less costs to sell. No depreciation is charged whilst assets are classified as held for sale.

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, results for the discontinued operations are presented separately in the Group's Income Statement (for which the comparatives and related notes have been restated). Additional disclosures are provided in note 21. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the "first in first out" method. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Financial instruments
Initial recognition and derecognition
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets
Recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price in accordance with IFRS 15.

Notes to the Financial Statements

Continued

1. Authorisation of Financial Statements and Accounting Policies continued

There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. The Group's cash and cash equivalents, trade and other receivables fall into this category.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI and will be recycled upon derecognition of the asset.
- Fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortised cost or Fair value through OCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss ("ECL") model. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the future cash flows of the instrument.

When assessing impairment for trade receivables, the Group has applied the simplified approach to expected credit losses as per IFRS 9 Financial Instruments. The model focuses on an appraisal of the risk that a receivable will default rather than whether a loss has been incurred. This involves an unbiased assessment of a range of possible outcomes and their probabilities of occurrence, and is supported by past experience of collecting payments as well as changes in economic conditions that correlate with default on receivables. Expected credit losses are initially determined based on the Group's historical credit loss experience, any forward-looking factors specific to a particular trade receivable and the current economic environment.

The timing of initial recognition for impairment losses is the same period that the asset is recognised. Movements in expected credit losses are recognised in the Income Statement within operating costs. At the point a trade receivable is written off the ledger as uncollectable, the cost is charged against the allowance account and any subsequent recoveries of amounts previously written off are credited to the Income Statement.

In the Parent Company, amounts due from subsidiary undertakings are recognised at their original amount less allowance for impairment based on the ECL model. In determining the model the Company considers the net assets and the resources available to that subsidiary.

Financial liabilities

Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, derivative financial instruments and lease liabilities.

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss which are measured subsequently at fair value with gains or losses recognised in the Income Statement
- Financial liabilities at amortised cost (loans and borrowings) which are measured using the effective interest method.

Bank loans, overdrafts and debentures

Interest bearing bank loans, overdrafts and debentures are initially recorded at the fair value of proceeds received, net of direct issue costs, and thereafter at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an effective interest rate basis in the Income Statement. Finance charges are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting
Recognition and measurement
The Group uses interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

The Group has interest rate swaps which are classified as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses). When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedging accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Classification of shares as debt or equity
When shares are issued, any component that creates a financial liability of the Company or Group is presented as a liability in the Balance Sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption.

The corresponding dividends relating to the liability component are charged as interest expense in the Income Statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not remeasured in subsequent years.

The Group's ordinary shares are classified as equity instruments. For the purposes of the disclosures given in note 29, the Group considers its capital to comprise its ordinary share capital, share premium, capital redemption reserve, hedging reserve and accumulated retained earnings plus its preference shares which are classified as a financial liability in the Balance Sheet. There have been no changes to what the Group considers to be capital since the prior year.

Preference shares
The Group's preference shares are reported under non-current liabilities. The corresponding dividends on preference shares are charged as interest in the Income Statement. Preference share dividends are at fixed rates.

Notes to the Financial Statements

Continued

1. Authorisation of Financial Statements and Accounting Policies continued

Revenue

Revenue is recognised under IFRS 15 upon application of the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to each performance obligation
- Recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer.

Managed Pubs and Hotels revenue primarily consists of food, drink and accommodation sales. Food and drink revenue is recognised when control of the goods/services has transferred, being at the point the customer purchases the food or drink. The Group also takes bookings for events and accommodation which require a deposit to secure the booking. A contract liability for the deposit is recognised at the time of the sale. The contract liability is released and revenue is recognised on a straight-line basis over the duration of the room occupation or event. A contract liability is recognised until the event is complete or the guest has occupied the room.

The Group also earns revenue through selling drink to the Tenanted Inns division which is supplied to Fuller's by Asahi under the Long-Term Service Agreement ("LTSA"). Revenue is recognised as though the Group is the principal as it has primary responsibility over the product and also bears the inventory risk.

Following the sale of the Fuller's Beer Business to Asahi Europe Ltd, the Group entered into a TSA to provide certain services to facilitate the successful separation of the two companies. The revenue is recognised over the period the services are provided.

Revenue is recognised under IFRS 16 where the Group receives rental income from Tenanted and unlicensed properties. This is recognised on a straight-line basis over the lease term. Some rental income includes turnover rent which is based on the percentage of the income generated by that pub. This is recognised when the revenue is earned. Revenue is recognised for machine income when net takings are earned.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for use are capitalised as part of the cost of the asset being created. This is applied to development projects where the development is expected to last in excess of six months at the commencement of the project. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Separately disclosed items

The Group presents as separately disclosed items on the face of the Income Statement those material items of income and expense which, because of the nature or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance. Separately disclosed items are a key element used to demonstrate the underlying performance of the Group and reported as an alternative performance measure within the management commentary for the reporting period.

Share-based payments

The Group has an employee Share Incentive Plan that awards shares to employees based on the reported profits of the Group for the year, and a Long-Term Incentive Plan that awards shares to Directors and Senior Executives subject to specific performance criteria. The Group also issues equity-settled share-based payments to certain employees under approved and unapproved share option schemes and a Savings Related Share Option Scheme.

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments 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. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions. The Group has no equity-settled transactions that are linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest. At each Balance Sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous Balance Sheet date is recognised in the Income Statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Income Statement for the award is expensed 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.

Own shares
Shares to be awarded under employee incentive plans and those that have been awarded but have yet to vest unconditionally are held at cost by an employee share ownership trust ("ESOT") and shown as a deduction from equity in the Balance Sheet. ESOT is an independently managed trust and not controlled by the Group.

In addition to the purchase of shares by the various ESOTs for specific awards, the Group also from time to time acquires own shares to be held as treasury shares. These shares are occasionally but not exclusively used to satisfy awards under various share option schemes. Treasury shares are held at cost and shown as a deduction from total equity in the Balance Sheet.

Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to reserves. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The current tax payable is based on taxable profit for the year using UK tax rates enacted or substantively enacted at the Balance Sheet date and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible.

Deferred tax
Deferred tax is recognised on temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which they can be utilised.

Such deferred tax assets and liabilities are not recognised where the asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date.

Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balance relates to the same taxation entities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods when the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Current and deferred tax for the year
Current and deferred tax are recognised in the Income Statement except when they relate to items that are recognised in the Statement of Comprehensive Income or in equity, in which case the current and deferred tax are also recognised in the Statement of Comprehensive Income or directly in equity respectively.

Pensions and other post-employment benefits
Defined contribution schemes
Payments to defined contribution retirement benefit schemes are charged to the Income Statement as they fall due.

Defined benefit schemes
The Group operated a defined benefit pension plan for eligible employees where contributions were made into a separate fund administered by Trustees. The Scheme closed to future accrual in January 2015.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method calculated by qualified actuaries. This attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the Income Statement on a straight-line basis over the vesting period or immediately if the benefits have vested.

Notes to the Financial Statements

Continued

1. Authorisation of Financial Statements and Accounting Policies continued

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in the Income Statement during the period in which the settlement or curtailment occurs.

The Group determines the net interest charge/(credit) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net pension liability/(asset) at the beginning of the period. The net interest charge/(credit) is recognised immediately as a separately disclosed finance cost/(income) in the Income Statement. Actuarial gains and losses are recognised in full in the Statement of Comprehensive Income in the period in which they occur.

The defined benefit pension asset or liability in the Balance Sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of the present value of any amount the Group expects to recover by way of refunds from the plan or reductions in the future contributions.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the year end exchange rates and the resulting exchange differences are taken to the Income Statement.

Dividends

Dividends recommended by the Board but unpaid at the year 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).

The Company's investments in subsidiaries

In its separate financial statements, the Parent Company recognises its investment in its subsidiaries on the basis of cost less provision for impairment.

New standards and interpretations issued but not yet applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date for periods starting on or after the date on which these financial statements start:

- Amendments to IAS 1: Classification of liabilities as current and non-current (effective 1 January 2023)
- Reference to the Conceptual Framework –Amendments to IFRS 3 (effective 1 January 2022)
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective 1 January 2022)
- IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities (effective 1 January 2022)

Other new standards and interpretations in issue but not yet effective are not applicable to the Company and therefore are not expected to have material impact on the Group's financial position and results.

2. Segmental Analysis

Operating Segments

For management purposes, the Group's operating segments are:

- Managed Pubs and Hotels, which comprises managed pubs, managed hotels, Bel & The Dragon and Cotswold Inns & Hotels.
- Tenanted Inns, which comprises pubs operated by third parties under tenancy or lease agreements.

The most important measure used to evaluate the performance of the business is adjusted profit, which is the profit before tax, adjusted for separately disclosed items. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic operating unit. The Managed Pubs and Hotels operating segments have been aggregated to one reportable segment on the basis they have similar economic characteristics. Economic indicators assessed in determining that the aggregated operating segments share similar characteristics include expected future financial performance, operating and competitive risks, and return on capital. As such the operating segments meet the aggregation criteria in paragraph 12 IFRS 8 Operating Segments (amended). More details of these segments are given in the Strategic Report on pages 4 to 38 of this report.

As segment assets and liabilities are not regularly provided to the Chief Operating Decision Maker ("CODM"), the Group has elected, as provided under IFRS 8 Operating Segments (amended), not to disclose a measure of segment assets and liabilities.

52 weeks ended 27 March 2021	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated[1] £m	Total continuing operations £m
Revenue				
Sale of goods and services	56.6	6.9	–	63.5
Accommodation income	5.9	–	–	5.9
Total revenue from contracts with customers	62.5	6.9	–	69.4
Rental income	1.5	2.3	–	3.8
Revenue	64.0	9.2	–	73.2
Other income	–	–	0.2	0.2
Segment result	(26.1)	1.2	(15.4)	(40.3)
Operating separately disclosed items				(14.8)
Operating loss				(55.1)
Profit on disposal of properties				5.8
Net finance costs				(8.5)
Loss before income tax				(57.8)
Other segment information				
Additions to property, plant & equipment	12.6	0.7	0.5	13.8
Depreciation	24.7	1.8	0.7	27.2
Impairment of property, right-of-use assets, assets held for sale and goodwill	11.3	1.6	–	12.9

52 weeks ended 28 March 2020	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated[1] £m	Total continuing operations £m
Revenue				
Sale of goods and services	261.5	21.7	–	283.2
Accommodation income	23.3	–	–	23.3
Total revenue from contracts with customers	284.8	21.7	–	306.5
Rental income	1.5	8.0	–	9.5
Revenue	286.3	29.7	–	316.0
Other income	–	–	3.7	3.7
Segment result	30.6	11.8	(15.4)	27.0
Operating separately disclosed items				(20.1)
Operating profit				6.9
Profit on disposal of properties				9.6
Net finance costs				(8.1)
Profit before income tax				8.4
Other segment information				
Additions to property, plant & equipment	23.6	3.6	23.6	50.8
Business combinations	32.8	–	–	32.8
Depreciation	24.8	2.0	0.1	26.9
Impairment of property, right-of-use assets and goodwill	14.4	0.7	–	15.1

1 Unallocated expenses represent primarily the salaries and costs of central management. Unallocated revenue represents Transitional Services Agreement ("TSA") income while unallocated capital expenditure relates to the purchase of a new head office.

Notes to the Financial Statements

Continued

3. Revenue

Geographical Information

All of the Group's business is within the UK and therefore the Group only has one distinct geographical market.

	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Revenue disclosed in the Income Statement is analysed as follows:		
Sale of goods and services[1]	**63.5**	283.2
Accommodation income	**5.9**	23.3
Total revenue from contracts with customers	**69.4**	306.5
Rental income	**3.8**	9.5
Revenue	**73.2**	316.0
Transitional Services Agreement revenue[2]	**0.2**	3.7
Other income	**0.2**	3.7
Revenue and other income	**73.4**	319.7

1 Revenue includes £2.0 million received from the Government under the Eat Out to Help Out Scheme.
2 Following the sale of the Fuller's Beer Business to Asahi Europe Ltd, the Group entered into a TSA to provide certain services to facilitate the successful separation of the two companies. This included finance, IT and payroll services. The TSA was completed during the financial year on 27 April 2020.

4. Operating Costs

	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Production costs and cost of goods used in retailing	**19.1**	80.2
Staff costs	**40.8**	111.0
Repairs and maintenance	**8.6**	13.6
Depreciation of property, plant and equipment	**18.6**	16.9
Depreciation of right-of-use asset	**8.6**	10.0
Rental expense relating to short-term and low-value leases	**0.2**	1.1
Variable lease payments[1]	**0.9**	1.8
Property costs	**3.5**	16.2
Utilities	**4.8**	8.0
Separately disclosed items (note 5)	**14.8**	20.1
IT, retail and communication costs	**3.7**	4.4
Professional fees	**2.5**	3.0
Pub operational costs	**3.8**	15.8
Training	**0.2**	2.0
Grant income[2]	**(4.7)**	–
Other operating costs	**3.1**	8.7
	128.5	312.8

1 Variable lease payments are dependent on turnover levels.
2 Grant income is amounts received from the Government to support businesses throughout the pandemic that were eligible depending on their rateable value.

Details of income and direct expenses relating to rental income from investment properties are shown in note 12.

a) Auditors' Remuneration

	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Fees payable to Company's auditors:		
– Statutory audit fees of Group financial statements	**0.4**	0.3
	0.4	0.3

Other audit related services of £1,650 for covenant reporting and non-audit services of £1,500 for iXBRL tagging were also incurred in the prior period.

b) Employee Benefit Expenses[1]

	£m	£m
Wages and salaries[2,3]	**31.6**	95.7
Social security costs	**5.8**	7.0
Pension benefits	**1.7**	2.0
Other staff costs	**1.7**	6.3
	40.8	111.0

1 Includes Executive Directors.
2 Includes share-based credit of £0.3 million (2020: expense £0.5 million).
3 Staff costs are stated net of £41.2 million claimed from the Government through the CJRS.

c) Average Number of Employees[1]

The average monthly number of persons employed by the Group (including part-time staff) was as follows:

Continuing operations	Number	Number
Pub, hotel and restaurant teams	**4,046**	4,957
Support office[2]	**173**	209
	4,219	5,166

1 Includes Executive Directors.
2 Support office includes Finance, People, IT and other support staff.

d) Directors' Emoluments

Full details are provided in the Directors' Remuneration Report and tables on pages 56 to 78.

Notes to the Financial Statements

Continued

5. Separately Disclosed Items

The Group presents separately disclosed items on the face of the Income Statement for those material items of income and expense which, because of the nature or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year.

	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Amounts included in operating (loss)/profit:		
Acquisition costs	–	(1.4)
Reorganisation costs	**(1.9)**	(2.1)
Impairment of intangible assets, properties and right-of-use assets	**(12.9)**	(15.1)
IT maintenance, support and rectification costs	–	(1.5)
Total separately disclosed items included in operating (loss)/profit	**(14.8)**	(20.1)
Profit on disposal of properties	**5.8**	9.6
Separately disclosed finance costs:		
Finance charge on net pension liabilities	**(0.1)**	(0.6)
Finance credit on the cancellation of interest rate swaps	–	0.1
Total separately disclosed finance costs	**(0.1)**	(0.5)
Total separately disclosed items before tax	**(9.1)**	(11.0)
Exceptional tax:		
Profit on disposal of properties	**(0.2)**	(1.9)
Other items	**0.9**	3.9
Total separately disclosed tax	**0.7**	2.0
Total separately disclosed items	**(8.4)**	(9.0)

The reorganisation costs of £1.9 million during the 52 weeks ended 27 March 2021 (28 March 2020: £2.1 million) were largely incurred as a result of a corporate reorganisation of the Group, specifically the hive up of the trade and assets of Bel & The Dragon and Cotswold Inns & Hotels, and redundancy costs as a result of restructuring due to the coronavirus pandemic.

The total impairment charge of £12.9 million during the 52 weeks ended 27 March 2021 relates to the write down of 37 licensed properties to their recoverable value (£9.0 million relating to property, plant and equipment and £1.6 million to right-of-assets) as well as the write down in value of previously acquired goodwill recognised on acquisition of Jacomb Guinness Limited of £0.6 million, assets held for sale impairment of £0.2 million and lease receivable impairment of £1.5 million (28 March 2020: £15.1 million).

The profit on disposal of properties of £5.8 million during the 52 weeks ended 27 March 2021 (28 March 2020: £9.6 million) relates to the disposal of seven licensed and unlicensed properties (2020: three properties).

The cash impact of operating separately disclosed items before tax for the 52 weeks ended 27 March 2021 was £1.5 million cash outflow (28 March 2020: £5.0 million cash outflow).

6. Finance Costs

	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Finance Income		
Interest income from financial assets	–	0.2
Finance Costs		
Interest expense arising on:		
Financial liabilities at amortised cost – loans and debentures[1]	**(5.3)**	(5.3)
Financial liabilities at amortised cost – preference shares	**(0.1)**	(0.1)
Financial liabilities at amortised cost – lease liabilities	**(3.0)**	(2.4)
Total interest expense for financial liabilities	**(8.4)**	(7.8)
Total finance costs before separately disclosed items	**(8.4)**	(7.6)
Finance charge on net pension liabilities (note 5)	**(0.1)**	(0.6)
Finance credit on cancellation of interest rate swaps (note 5)	–	0.1
Total finance costs after separately disclosed items	**(8.5)**	(8.1)

1 Interest expense on loans and debentures is shown net of £0.6 million of grant income recognised in relation to the CCFF.

7. Taxation

Tax on Profit on Ordinary Activities

Group	52 weeks ended 27 March 2021 £m	Restated 52 weeks ended 28 March 2020 £m
Tax (credited)/charged in the Income Statement		
Current income tax:		
Current tax on (loss)/profits for the year	**(1.0)**	0.8
Adjustments for current tax on prior periods	**(0.5)**	0.3
Total current income tax (credit)/expense	**(1.5)**	1.1
Deferred income tax:		
Origination and reversal of temporary differences	**(8.1)**	2.2
Change in corporation tax rate	–	1.6
Adjustments for current tax on prior periods	–	0.3
Total deferred tax (benefit)/expense	**(8.1)**	4.1
Total tax (credited)/charged in the Income Statement	**(9.6)**	5.2
Analysed as:		
Before separately disclosed items	**(8.9)**	7.2
Separately disclosed items	**(0.7)**	(2.0)
	(9.6)	5.2

Notes to the Financial Statements

Continued

7. Taxation continued

Reconciliation of the Total Tax (Credit)/Charge

The tax credit in the Income Statement for the year is lower (2020: tax expense is higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	52 weeks ended 27 March 2021 £m	Restated 52 weeks ended 28 March 2020 £m
(Loss)/profit from continuing operations before income tax (credit)/expense	(57.8)	8.4
Accounting (loss)/profit multiplied by the UK standard rate of corporation tax of 19% (2020: 19%)	(11.0)	1.6
Items not deductible for tax purposes	1.9	1.6
Current and deferred tax (over)/under provided in previous years	(0.5)	2.0
Total tax (credited)/charged in the Income Statement	(9.6)	5.2
Deferred tax relating to items (credited)/charged to the Income Statement		
Deferred tax depreciation	(0.6)	–
Unrealised capital (losses)/gains (on PP&E)	(0.4)	3.2
Retirement benefit obligations	1.6	0.6
Tax losses	(7.4)	–
Other	(0.1)	0.3
Corporate interest restriction	(1.2)	–
Deferred tax in the Income Statement	(8.1)	4.1
Tax relating to items (credited)/charged to the Statement of Comprehensive Income		
Deferred tax:		
Valuation gains on financial liabilities	0.1	0.1
Net actuarial (gains)/losses on pension scheme	(0.2)	1.1
Total tax (credited)/charged in the Statement of Comprehensive Income	(0.1)	1.2
Tax relating to items charged directly to equity		
Deferred tax:		
Share-based payments	–	0.1
Total tax charged to equity	–	0.1

Deferred Tax Provision

The deferred tax included in the Balance Sheet is as follows:

Deferred tax

Group	Retirement benefit obligations £m	Tax losses carried forward £m	Employee share schemes £m	Financial (liabilities)/ assets £m	Accelerated tax depreciation (restated) £m	Unrealised capital gains (on PP&E) (restated) £m	Pension spreading £m	Other[1] (restated) £m	Total (restated) £m
	Deferred tax asset/(liability)								
Balances at 30 March 2019	6.1	0.6	0.3	0.3	4.0	(16.6)	–	0.9	(4.4)
(Charge)/credit to Income Statement	(4.1)	–	(0.1)	–	–	(3.2)	3.5	(0.2)	(4.1)
(Charge) to other comprehensive income	(1.1)	–	–	(0.1)	–	–	–	–	(1.2)
(Charge) taken directly to equity	–	–	(0.1)	–	–	–	–	–	(0.1)
Acquisitions	–	–	–	–	–	(3.3)	–	–	(3.3)
Balances at 28 March 2020	0.9	0.6	0.1	0.2	4.0	(23.1)	3.5	0.7	(13.1)
(Charge)/credit to Income Statement	(0.4)	7.4	–	–	0.6	0.4	(1.2)	1.3	8.1
Credit/(charge) to other comprehensive income	0.2	–	–	(0.1)	–	–	–	–	0.1
Charge taken directly to equity	–	–	–	–	–	–	–	–	–
Disposals	–	(0.2)	–	–	(0.5)	0.4	–	(0.1)	(0.4)
Balances at 27 March 2021	**0.7**	**7.8**	**0.1**	**0.1**	**4.1**	**(22.3)**	**2.3**	**1.9**	**(5.3)**

1 Includes £1.2 million of corporate interest restriction.

	2021 £m	(restated) 2020 £m
Deferred tax assets	**17.0**	10.0
Deferred tax liabilities	**(22.3)**	(23.1)
	(5.3)	(13.1)

Company	Retirement benefit obligations £m	Tax losses carried forward £m	Employee share schemes £m	Financial (liabilities)/ assets £m	Accelerated tax depreciation (restated) £m	Unrealised capital gains (on PP&E) (restated) £m	Pension spreading £m	Other[1] (restated) £m	Total (restated) £m
	Deferred tax asset/(liability)								
Balances at 31 March 2019	6.1	0.3	0.3	0.3	3.9	(14.5)	–	0.5	(3.1)
(Charge)/credit to Income Statement	(4.1)	–	(0.1)	–	–	(3.0)	3.5	0.1	(3.6)
(Charge) to other comprehensive income	(1.1)	–	–	(0.1)	–	–	–	–	(1.2)
(Charge) taken directly to equity	–	–	(0.1)	–	–	–	–	–	(0.1)
Acquisitions	–	–	–	–	–	(2.8)	–	–	(2.8)
Balances at 28 March 2020	0.9	0.3	0.1	0.2	3.9	(20.3)	3.5	0.6	(10.8)
(Charge)/credit to Income Statement	(0.4)	7.4	–	–	0.6	0.4	(1.2)	1.3	8.1
(Charge) to other comprehensive income	0.2	–	–	(0.1)	–	–	–	–	0.1
(Charge) taken directly to equity	–	–	–	–	–	–	–	–	–
Acquisitions	–	–	–	–	(0.4)	(2.4)	–	–	(2.8)
Balances at 27 March 2021	**0.7**	**7.7**	**0.1**	**0.1**	**4.1**	**(22.3)**	**2.3**	**1.9**	**(5.4)**

1 Includes £1.2 million of corporate interest restriction.

	2021 £m	2020 £m
Deferred tax assets	**16.9**	9.5
Deferred tax liabilities	**(22.3)**	(20.3)
	(5.4)	(10.8)

Notes to the Financial Statements

Continued

8. (Loss)/Earnings Per Share

Group	52 weeks ended 27 March 2021 £m	Restated 52 weeks ended 28 March 2020 £m
(Loss)/profit attributable to equity shareholders	**(49.6)**	160.9
Separately disclosed items net of tax[1]	**9.3**	(149.6)
Adjusted (loss)/earnings attributable to equity shareholders	**(40.3)**	11.3

1 This includes separately disclosed items as per Note 5 and Note 21

	Number	Number
Weighted average share capital	**55,207,000**	55,124,000
Dilutive outstanding options and share awards	**139,000**	128,000
Diluted weighted average share capital	**55,346,000**	55,252,000

40p 'A' and 'C' ordinary share	Pence	Pence
Basic (loss)/earnings per share	**(89.84)**	291.89
Diluted (loss)/earnings per share	**(89.84)**	291.21
Adjusted (loss)/earnings per share	**(73.00)**	20.50
Diluted adjusted (loss)/earnings per share	**(73.00)**	20.45

4p 'B' ordinary share	Pence	Pence
Basic (loss)/earnings per share	**(8.98)**	29.19
Diluted (loss)/earnings per share	**(8.98)**	29.12
Adjusted (loss)/earnings per share	**(7.30)**	2.05
Diluted adjusted (loss)/earnings per share	**(7.30)**	2.05

Continuing operations	52 weeks ended 27 March 2021 £m	Restated 52 weeks ended 28 March 2020 £m
(Loss)/profit attributable to equity shareholders	**(48.2)**	3.2
Separately disclosed items net of tax	**8.4**	9.0
Adjusted (loss)/earnings attributable to equity shareholders	**(39.8)**	12.2

	Number	Number
Weighted average share capital	**55,207,000**	55,124,000
Dilutive outstanding options and share awards	**139,000**	128,000
Diluted weighted average share capital	**55,346,000**	55,252,000

40p 'A' and 'C' ordinary share	Pence	Pence
Basic (loss)/earnings per share	**(87.31)**	5.81
Diluted (loss)/earnings per share	**(87.31)**	5.79
Adjusted (loss)/earnings per share	**(72.09)**	22.13
Diluted adjusted (loss)/earnings per share	**(72.09)**	22.08

4p 'B' ordinary share	Pence	Pence
Basic (loss)/earnings per share	**(8.73)**	0.58
Diluted (loss)/earnings per share	**(8.73)**	0.58
Adjusted (loss)/earnings per share	**(7.21)**	2.21
Diluted adjusted (loss)/earnings per share	**(7.21)**	2.21

For the purposes of calculating the number of shares to be used above, 'B' shares have been treated as one-tenth of an 'A' or 'C' share. The earnings per share calculation is based on earnings from continuing operations and on the weighted average ordinary share capital which excludes shares held by trusts relating to employee share options and shares held in treasury of 1,777,248 (2020: 1,860,777).

Diluted earnings per share amounts are calculated using the same earnings figure as for basic earnings per share, divided by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted earnings per share are calculated on profit before tax excluding separately disclosed items and on the same weighted average ordinary share capital as for the basic and diluted earnings per share. Adjusted earnings per share measures have been included as the Directors consider that these measures better reflect the underlying earnings of the Group.

9. Dividends

	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2020: 0p (2019: 4.35p)	–	2.4
Second interim dividend for 2020: 0p (2019: 8.00p)	–	4.4
First interim dividend for 2021: 0p (2020: 7.80p)	–	4.3
'D' share single dividend for 2021: 0p (2020: 125p)	–	69.4
Equity dividends paid	–	80.5
Dividends on cumulative preference shares (note 6)	**0.1**	0.1

The pence figures above are for the 40p 'A' ordinary shares and 40p 'C' ordinary shares. The 4p 'B' ordinary shares carry dividend rights of one-tenth of those applicable to the 40p 'A' ordinary shares. Own shares held in the employee share trusts do not qualify for dividends as the Trustees have waived their rights. Dividends are also not paid on own shares held as treasury shares.

As indicated in the circular published on 28 March 2019 relating to the disposal of the Fuller's Beer Business, the Board made an additional cash return of £1.25 per 'A' and 'C' ordinary share and 12.5p per 'B' ordinary share through a 'D' share scheme. Each ordinary shareholder as at the record date was issued with ten 'D' shares for every existing 'A' and 'C' ordinary share and one 'D' share for every one 'B' ordinary share held at the time. Numis (acting as principal, and not as agent, nominee or Trustee for the Company) made an offer to purchase the 'D' shares for an amount of 12.5p per 'D' share (free of all expenses and commissions). The Company accepted the offer on behalf of shareholders and paid a single dividend to Numis as holder of all the 'D' shares of £69.4 million representing the sum of 12.5p per 'D' share plus the stamp duty payable by Numis in connection with the purchase of all the 'D' shares in issue.

Following the approval of all the resolutions presented to the Company's Extraordinary General Meeting on 1 October 2019, 552,030,154 'D' shares of 0.1p each were allotted and issued to shareholders on 2 October 2019 on the basis of ten 'D' shares for every existing 'A' and 'C' ordinary share of 40p each and one 'D' share for every existing 'B' ordinary share of 4p each held at the record date. Following the purchase by Numis of all of the 'D' shares, and payment by the Company of a single dividend to Numis of £69.4 million as holder of all of the 'D' shares on 7 October 2019, the 'D' shares were reclassified as deferred shares of 0.1p and were immediately repurchased and cancelled by the Company on 8 October 2019.

No final dividend for 2021 has been proposed for approval at the Annual General Meeting as a result of the business being closed for the majority of the 52 week period ended 27 March 2021 due to the continued impact of the coronavirus pandemic.

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10. Intangible Assets

	Group and Company				
	Goodwill £m	Lease assignment premiums £m	Development costs £m	Group Total £m	Company Total £m
Cost					
At 30 March 2019	29.2	13.1	–	42.3	13.1
Acquisitions (note 18)	2.6	–	–	2.6	2.6
Transfer to right-of-use assets (note 17)	–	(13.1)	–	(13.1)	(13.1)
At 28 March 2020	31.8	–	–	31.8	2.6
Additions	–	–	0.6	0.6	0.6
Hive up of Bel & The Dragon	–	–	–	–	1.0
At 27 March 2021	**31.8**	**–**	**0.6**	**32.4**	**4.2**
Amortisation and impairment					
At 30 March 2019	0.6	4.8	–	5.4	4.8
Impairment during the year	3.7	–	–	3.7	–
Transfer to right-of-use assets (note 17)	–	(4.8)	–	(4.8)	(4.8)
At 28 March 2020	4.3	–	–	4.3	–
Provided during the year					
Impairment	0.8	–	–	0.8	0.2
At 27 March 2021	**5.1**	**–**	**–**	**5.1**	**0.2**
Net book value at 27 March 2021	**26.7**	**–**	**0.6**	**27.3**	**4.0**
Net book value at 28 March 2020	27.5	–	–	27.5	2.6
Net book value at 30 March 2019	28.6	8.3	–	36.9	8.3

The Company balance comprises £3.4 million of goodwill and £0.6 million of development costs. Impairment of £0.8 million relates to impairment of £0.6 million of goodwill on Jacomb Guiness Limited to its recoverable value and an adjustment to goodwill on acquisition of Cotswold Inns & Hotels of £0.2 million.

Development costs

Development costs relate to the implementation of a new finance system and are made up of licence costs, consulting time and internal employee costs. Amortisation of the asset will begin when development is complete and the asset is available for use.

Goodwill

	2021			2020
Goodwill is allocated to CGUs as follows:	**Managed £m**	**Tenanted £m**	**Total £m**	£m
Gales estate	**9.1**	**13.6**	**22.7**	22.7
Jacomb Guinness estate	**0.6**	**–**	**0.6**	1.2
Bel & The Dragon	**1.0**	**–**	**1.0**	1.0
Cotswold Inns & Hotels	**2.4**	**–**	**2.4**	2.6
	13.1	**13.6**	**26.7**	27.5

11. Property, Plant and Equipment

Group	Land & buildings £m	Plant, machinery & vehicles £m	Fixtures & fittings £m	Total £m
Cost				
At 30 March 2019	534.0	6.2	156.6	696.8
Additions	36.0	0.3	15.4	51.7
Acquisitions (note 18)	42.2	–	2.1	44.3
Disposals	(2.2)	–	(5.0)	(7.2)
Transfer to investment property (note 12)	(0.2)	–	–	(0.2)
Transfer to assets held for sale (note 22)	(2.2)	–	(0.2)	(2.4)
At 28 March 2020	607.6	6.5	168.9	783.0
Additions	0.6	–	13.2	13.8
Disposals	(1.7)	–	(0.6)	(2.3)
Disposals of discontinued operations	(6.8)	(0.1)	(7.6)	(14.5)
Transfer to assets held for sale (note 22)	(9.2)	(0.1)	(2.3)	(11.6)
At 27 March 2021	**590.5**	**6.3**	**171.6**	**768.4**
Depreciation and impairment				
At 30 March 2019	39.7	1.3	103.1	144.1
Provided during the year	3.8	0.5	13.6	17.9
Disposals	(0.7)	–	(4.4)	(5.1)
Impairment loss	8.5	–	0.1	8.6
Transfer to assets held for sale (note 22)	(0.1)	–	(0.1)	(0.2)
At 28 March 2020	51.2	1.8	112.3	165.3
Provided during the year	4.6	–	14.0	18.6
Disposals	(0.2)	–	(0.6)	(0.8)
Disposals of discontinued operations	(4.7)	–	(5.8)	(10.5)
Impairment loss	9.0	–	–	9.0
Transfer to assets held for sale (note 22)	(1.0)	(0.1)	(1.9)	(3.0)
Reclassification of impairment to right-of-use assets (note 17)	(0.4)	–	–	(0.4)
At 27 March 2021	**58.5**	**1.7**	**118.0**	**178.2**
Net book value at 27 March 2021	**532.0**	**4.6**	**53.6**	**590.2**
Net book value at 28 March 2020	556.4	4.7	56.6	617.7
Net book value at 30 March 2019	494.3	4.9	53.5	552.7

Notes to the Financial Statements

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11. Property, Plant and Equipment continued

Company	Land & buildings £m	Plant, machinery & vehicles £m	Fixtures & fittings £m	Total £m
Cost				
At 30 March 2019	505.5	4.9	147.9	658.3
Additions	74.4	–	16.5	90.9
Acquisitions	3.7	–	–	3.7
Disposals	(2.1)	–	(4.9)	(7.0)
Transfer to investment property (note 12)	(0.2)	–	–	(0.2)
Transfer to assets held for sale (note 22)	(2.2)	–	(0.2)	(2.4)
At 28 March 2020	579.1	4.9	159.3	743.3
Additions[1]	18.9	–	14.8	33.7
Disposals	(1.8)	–	(0.6)	(2.4)
Transfer to assets held for sale (note 22)	(9.2)	(0.1)	(2.3)	(11.6)
At 27 March 2021	**587.0**	**4.8**	**171.2**	**763.0**
Depreciation and impairment				
At 30 March 2019	32.6	2.6	96.3	131.5
Provided during the year	3.2	–	12.6	15.8
Disposals	(0.7)	–	(4.3)	(5.0)
Impairment loss net of reversals	7.3	–	0.1	7.4
Transfer to assets held for sale (note 22)	(0.1)	–	(0.1)	(0.2)
At 28 March 2020	42.3	2.6	104.6	149.5
Provided during the year	4.6	–	13.8	18.4
Disposals	(0.2)	–	(0.5)	(0.7)
Impairment loss	9.0	–	–	9.0
Transfer to assets held for sale (note 22)	(1.0)	(0.1)	(1.9)	(3.0)
Reclassification of impairment to right-of-use assets (note 17)	(0.4)	–	–	(0.4)
At 27 March 2021	**54.3**	**2.5**	**116.0**	**172.8**
Net book value at 27 March 2021	**532.7**	**2.3**	**55.2**	**590.2**
Net book value at 28 March 2020	536.8	2.3	54.7	593.8
Net book value at 30 March 2019	472.9	2.3	51.6	526.8

1 On 6 June 2020, the net assets of Bel & The Dragon of £19.9 million were hived up to the Company at fair value.

12. Investment Properties

	Group and Company Freehold and leasehold properties £m
Cost at 31 March 2019	5.5
Transfer from property, plant and equipment	0.2
Cost at 28 March 2020	5.7
Transfer to asset held for sale	(2.4)
At 27 March 2021	**3.3**
Depreciation and impairment at 30 March 2019 and 28 March 2020	0.9
Provided during the year	–
Transfer to asset held for sale	(0.7)
At 27 March 2021	**0.2**
Net book value at 27 March 2021	**3.1**
Net book value at 28 March 2020	4.8
Net book value at 30 March 2019	4.6
Fair value at 27 March 2021	**15.0**
Fair value at 28 March 2020	20.1
Fair value at 30 March 2019	15.4

The fair value of investment properties has been estimated by the Directors, based on the rental income earned on the properties during the year and average yields earned on comparable properties from publicly available information, which is a Level 3 fair value valuation technique.
An independent valuation of the properties has not been performed.

Impairment

The Group considers each trading outlet to be a CGU and each CGU is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. During the 52 weeks ended 27 March 2021, the Group did not impair any investment properties (2020: £nil).

Management have determined that the highest and best use of the property is its current use.

Investment Property Income

The properties are let on both landlord and Tenant repairing leases. Amounts recognised in the profit for the financial year relating to rental income from investment properties are as follows:

Group and Company	**2021 £m**	2020 £m
Rental income	**0.7**	0.5
Direct operating expenses	**(0.1)**	(0.3)

All direct operating expenses relate to properties that generate rental income.

Notes to the Financial Statements

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13. Impairment

During the year, impairment losses of £12.9 million (2020: £18.9 million) were recognised within separately disclosed items:

Group	2021 £m	2020 £m
Impairment losses		
Intangible assets	**0.6**	3.7
Property, plant and equipment	**9.0**	8.6
Right-of-use assets	**1.6**	6.6
Assets held for sale	**0.2**	–
Lease receivable	**1.5**	–
Total net impairment charge	**12.9**	18.9

Company	2021 £m	2020 £m
Impairment losses		
Property, plant and equipment	**9.0**	7.4
Right-of-use assets	**0.7**	4.1
Assets held for sale	**0.2**	–
Lease receivable	**1.5**	–
Investments in subsidiaries[1]	**6.9**	4.0
Total net impairment charge	**18.3**	15.5

1 Investments in subsidiaries in FY21 was impaired on hive up of Bel & The Dragon and was recognised through the merger reserve.

Lease receivables have been assessed for impairment under IFRS 9. All other assets above were assessed for impairment under IAS 36.

Property, Plant and Equipment and Right-of-use Assets

The Group considers each trading outlet to be a CGU and each CGU is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell ("FVLCS") and its value in use. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. For the purposes of estimating the value in use of CGUs, management have used a discounted cash flow approach. The calculations use cash flow projections based on the following plans covering a five year period.

The 2021/22 forecast shows that trading will continue to be adversely impacted by the coronavirus pandemic, international sales are forecast to be down by 75% and corporate sales down by 45% as people only slowly start to return to work. It also assumes that consumer confidence will take a while to return, impacting sales with a reduction of 5% in H1 and 2.5% in H2.

The 2022/23 forecast shows some growth but this will remain affected by the lasting impact of the pandemic. International sales will be down by 15% and corporate sales down by 20% as the expectation is that people will work from home more regularly. It is then assumed that normal trading will resume in 2023/24, so taking two years to fully recover from the pandemic.

Other key assumptions used by management in the value in use calculations were as follows:

- The discount rate is based on the Group's weighted average cost of capital, which is used across all CGUs due to their similar characteristics. The pre-tax discount rate is 6.9%
- A long-term growth rate of 2% was used for cash flows subsequent to the 2022/23 budget.

The calculation of value in use is most sensitive to the assumptions in respect of achievement of budgeted cash flows, growth rate and discount rate. The calculation of value in use is also dependent on the following assumptions: sales volume; gross margin in managed premises; barrelage and rent projections in Tenanted premises; and wage cost in managed premises. Gross margins are based on historical performance levels. The key assumptions above have their assigned values based on management knowledge and historical information. Government support by way of VAT reduction and continued business rates holiday have been factored into the model.

Where the value in use is higher than the carrying amount of the CGU, no further assessment is required. For CGUs where the value in use is lower than the carrying value (and at risk of impairment), a valuation of the property is performed to determine FVLCS. The property valuations are performed by the Group's in-house property expert using a multiple of forecast EBITDA . In a number of cases, the value of the property derived purely from an income approach understates the underlying property value. In these cases the expert has applied a spot value to the property rather than a value derived from a multiple applied to the income. The Group has also obtained valuations for a subset of these CGUs from a third party property valuation expert. The fair value valuation technique is Level 3 as it used an unobservable fair value input.

Impairments are recognised where the property valuation is also lower than the CGU's carrying value for those determined to be at risk of impairment. This is measured as the difference between the carrying value and the higher of FVLCS and its value in use. Where the property valuation exceeds the carrying value, no impairment is required.

During the 52 weeks ended 27 March 2021, the Group recognised an impairment loss of £9.0 million (2020: £8.6 million) on property, plant and equipment and £1.6 million (2020: £6.6 million) of impairment on right-of-use assets in respect of the write down of a number of licensed properties where their asset values exceeded the higher of fair value less costs to sell or their value in use. The impairment losses were driven principally by changes in the local competitive environment in which the pubs are situated as well as the significant impact coronavirus will continue to have on these pubs.

Sensitivity to Changes in Assumptions

The value in use calculations are sensitive to the assumptions used. The Directors consider a movement of 1.5% in the discount rate and 0.5% in the growth rate to be reasonable with reference to current market yield curves and the current economic conditions. The impact is set out as follows:

Impact on impairment of assets at risk – increase/(decrease)	2021 £m	2020 £m
Increase discount rate by 1.5%	**22.3**	13.6
Decrease discount rate by 1.5%	**(13.6)**	(24.5)
Increase growth rate by 0.5%	**(5.9)**	(6.3)
Decrease growth rate by 0.5%	**7.0**	5.0

The increase in discount rate and decrease in growth rate would lead to the CGUs represented by the value above being subject to further review by the Group. The value in use calculation is also sensitive to variations in the budgeted cash flows, which represents the rate of recovery from coronavirus. Applying the 'downside case' cashflow forecast, as discussed in the going concern disclosure within Note 1, to the value in use calculation results in an increase to impairment by £2.9 million. The CGUs represented by the "impact on impairment of assets at risk" would have their FVLCS determined in order to conclude on whether an impairment is required. A general decrease in property values across the portfolio would have a similar effect to that set out above i.e. any reduction in property values would lead to assets being at risk of impairment. In the current year, a decrease of 5% in the FVLCS would have led to an additional impairment of £1.2 million for the CGUs where recoverable amount has been assessed on FVLCS.

Goodwill

Goodwill acquired through business combinations has been allocated for impairment testing on an estate and divisional CGU level. This represents the lowest level within the Group at which goodwill is monitored for internal management purposes. An analysis of goodwill by operating segment is included within note 10. Recoverable amount is based on a calculation of value in use based upon the same cashflows as discussed under property, plant and equipment. Cash flows beyond the budget period are extrapolated in perpetuity on the assumption that the growth rate does not exceed the average long-term growth rate for the relevant markets. The same assumptions to calculate the value in use are used for goodwill as those for property, plant and equipment.

During the 52 weeks ended 27 March 2021, the Group recognised an impairment loss of £0.6 million in relation to Jacomb Guinness Limited as the recoverable amount being the value in use for those pubs of £0.6 million could not support the carrying value.

Sensitivity to Changes in Assumptions

Management have considered reasonable changes in key assumptions used in their calculations of value in use. An increase of 1% in discount rate would increase the impairment by £0.6 million. A decrease in growth rate by 0.5% would increase the impairment by £0.6 million.

Investment Property

The Group considers each trading outlet to be a CGU and each CGU is reviewed annually for indicators of impairment. During the 52 weeks ended 27 March 2021, the Group did not impair any investment properties (2020: £nil). Refer to note 12.

14. Other Financial Liabilities

Group and Company	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Interest rate swaps	**(0.7)**	(1.1)	**(0.7)**	(1.1)
Total financial liabilities within non-current liabilities	**(0.7)**	(1.1)	**(0.7)**	(1.1)

Details of the interest rate swaps are provided in note 28c (i).

Notes to the Financial Statements

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15. Other Non-Current Assets

Group and Company	2021 £m	2020 £m
Loans to customers due after one year	–	0.1

16. Investments in Subsidiaries

Company	Cost £m	Provision £m	Net book value £m
At 30 March 2019	122.5	(0.2)	122.3
Additions	30.4	–	30.4
Return of capital	(13.3)	–	(13.3)
Disposals	(13.0)	–	(13.0)
Impairment	–	(4.0)	(4.0)
At 28 March 2020	126.6	(4.2)	122.4
Return of capital	(5.8)	(6.9)	(12.7)
Disposals	–	(0.4)	(0.4)
At 27 March 2021	**120.8**	**(11.5)**	**109.3**

Principal subsidiary undertakings	Holding	Proportion held	Nature of business
Griffin Catering Services Limited	£1 ordinary shares	100% (indirect)	Managed houses service company
George Gale & Company Limited	£1 ordinary shares	100%	Non-trading subsidiary
	25p 'A' ordinary shares	100%	
	£10 preference shares	100%	
FST Trustees Limited	£1 ordinary shares	100%	Non-trading subsidiary
Fuller Smith & Turner Estates Limited	£1 ordinary shares	100%	Non-trading subsidiary
Ringwoods Limited	£1 ordinary shares	100%	Non-trading subsidiary
Griffin Inns Limited	£1 ordinary shares	100%	Non-trading subsidiary
Jacomb Guinness Limited	£1 ordinary shares	100%	Non-trading subsidiary
45 Woodfield Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
Grand Canal Trading Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B&D Country Inns I Limited	£1 ordinary shares	100%	Holding company
B&D Country Inns II Limited	£1 ordinary shares	100%	Holding company
B&D (Cookham) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B&D (Farnham) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B&D (Kingsclere) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B&D (Odiham) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B&D (Reading) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B&D (Win) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
RSH 200 Limited	£1 ordinary shares	100%	Holding company
Cotswold Inns & Hotels Limited	£1 ordinary shares	100% (indirect)	Hotel and restaurant ownership

The above companies are registered and operate in England and Wales. The registered office of all subsidiary companies is the same as Fuller, Smith & Turner P.L.C. at Pier House, 86-93 Strand-on-the-Green, London, England, W4 3NN.

17. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see note 31.

a) Amounts Recognised in the Balance Sheet

Group and Company	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Right-of-use assets				
Properties	**81.3**	105.1	**80.8**	94.7
Equipment	**0.2**	0.8	**0.2**	0.8
Vehicles	**0.4**	1.1	**0.4**	1.1
	81.9	107.0	**81.4**	96.6
Lease liabilities				
Current	**6.7**	8.9	**6.5**	7.9
Non-current	**83.2**	104.0	**81.8**	91.7
	89.9	112.9	**88.3**	99.6

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group	Property £m	Vehicles £m	Equipment £m	Total £m
Net carrying value as at 28 March 2020	105.1	1.1	0.8	107.0
Additions	2.6	–	–	2.6
Lease amendments – rent concessions	(10.0)	–	–	(10.0)
Lease amendments – other[1]	1.3	(0.4)	0.1	1.0
Disposal	(8.1)	–	–	(8.1)
Depreciation	(7.6)	(0.3)	(0.7)	(8.6)
Impairment – transferred from property, plant and equipment	(0.4)	–	–	(0.4)
Impairment	(1.6)	–	–	(1.6)
Net carrying value as at 27 March 2021	**81.3**	**0.4**	**0.2**	**81.9**

Company	Property £m	Vehicles £m	Equipment £m	Total £m
Net carrying value as at 28 March 2020	94.7	1.1	0.8	96.6
Additions	2.6	–	–	2.6
Lease amendments – rent concessions	(9.0)	–	–	(9.0)
Lease amendments – other[1]	1.3	(0.4)	0.1	1.0
Disposals	(0.4)	–	–	(0.4)
Depreciation	(7.3)	(0.3)	(0.7)	(8.3)
Impairment – transferred from property, plant and equipment	(0.4)	–	–	(0.4)
Impairment	(0.7)	–	–	(0.7)
Net carrying value as at 27 March 2021	**80.8**	**0.4**	**0.2**	**81.4**

1 Lease amendments include lease terminations, modifications, reassessments and extensions to existing lease agreements.

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Continued

17. Leases continued

Set out below are the carrying amounts of lease liabilities (included under interest bearing loans and borrowings) and the movements during the period:

	Group 2021 £m	Company 2021 £m
Net carrying value as at 28 March 2020	112.9	99.6
Additions	2.6	2.6
Disposal	(10.5)	–
Lease amendments – rent concessions	(10.0)	(9.0)
Lease amendments – other	1.0	1.0
Accretion of interest	3.1	3.0
Payments	(9.2)	(8.9)
Net carrying value as at 27 March 2021	**89.9**	**88.3**

A maturity analysis of gross lease liability payments is included within note 28.

b) Amounts Recognised in the Income Statement

Group	**52 weeks ended 27 March 2021 £m**	52 weeks ended 28 March 2020 £m
Depreciation charge of right-of-use assets		
Properties	**7.6**	9.8
Equipment	**0.7**	0.6
Vehicles	**0.3**	0.2
	8.6	10.6
Interest expense (included in finance cost)	**3.0**	2.7
Expense relating to short-term leases and low-value assets (included in operating costs)	**0.2**	0.8
Expense relating to variable lease payments not included in lease liabilities (included in operating costs)	**0.9**	2.0
Impairment of right-of-use assets	**1.6**	6.6
Income from sub-leasing right-of-use assets	–	(0.5)
	5.7	11.6

The Group's total cash outflows for leases in 2021 were £9.3 million (2020: £11.2 million).

Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a pub. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established pubs. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. Variable lease payments recognised in the Income Statement in the year ended 27 March 2021 were £0.9 million (2020: £2.0 million).

18. Business Combinations

During the 52 weeks ended 27 March 2021, there were no business combinations.

During the 52 weeks ended 28 March 2020, the Company acquired 100% of the shares of Cotswold Inns & Hotels for total consideration of £30.4 million, a business incorporated in the UK and consisting of seven premium hotels and two bars. The acquisition was completed on 31 October 2019. A further pub was bought for £3.7 million and treated as a business combination as it was operating as a business at the point the Company acquired it.

	2021	2020	
	Pubs and Restaurant	Cotswold Inns & Hotel	Pubs
Number of pubs/hotels/restaurants purchased	–	9	1
Fair value	£m	£m	£m
Net assets acquired	–	28.0	3.7
Goodwill	–	2.4	–
Total consideration paid	–	30.4	3.7
Net outflow of cash			
Cash consideration paid	–	30.4	3.7
Cash and cash equivalents acquired	–	(1.3)	–
Net cash outflow from investing activities	–	29.1	3.7
Repayment of third party loans on acquisition	–	8.4	–
Net cash outflow from financing activities[1]	–	8.4	–
Net cash outflow in respect of purchase of businesses	–	37.5	3.7

1 Included within repayment of bank loans in the Group cash flow statement.

19. Inventories

Group and Company	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Stock at pubs and hotels	**2.1**	4.0	**2.1**	3.5

Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 27 March 2021 amounted to £15.8 million (2020: £66.4 million). These were included in operating costs. Inventory is stated net of a provision for obsolete stock of £0.3 million (2020: £0.4 million).

20. Trade and Other Receivables

Group	2021 £m	2020 £m
Trade receivables	**2.1**	2.4
Other receivables	**6.6**	7.2
Prepayments and accrued income	**2.8**	3.0
	11.5	12.6

Company	2021 £m	2020 £m
Trade receivables	**2.1**	2.4
Amounts due from subsidiary undertakings	–	7.5
Other receivables	**6.5**	6.7
Prepayments and accrued income	**2.8**	2.8
	11.4	19.4

Notes to the Financial Statements

Continued

20. Trade and Other Receivables continued

As at 28 March 2020, the Company amounts owed from subsidiary undertakings of £7.5 million had no fixed repayment date. Interest was payable on the balance at the higher of either the Bank of England base rate plus 3% or 8%. During the year the subsidiaries that owed the Company amounts were hived up into the Company and as part of the restructuring the intercompany balances were settled.

As at 27 March 2021, the Group has accrued £4.0 million (2020: £0.9 million), shown in other receivables, in relation to the CJRS. Also included in other receivables is £0.8 million (2020: £2.7 million) of lease receivable for subleases. £1.5 million of lease receivable was impaired during the year based on the expected credit loss model and recorded in separately disclosed items given its one-off nature.

The trade receivables balance above is shown net of the loss allowance. The Group and Company provide against trade receivables based on an expected credit loss model, calculated from the probability of default for the remaining life of the asset.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers which is the same for all.

The expected loss rates are based on the payment profile for sales over the past 24 months before the Balance Sheet date. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customers' ability to settle the amount outstanding, the most significant factor being the coronavirus pandemic. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The movements on the loss allowance during the year are summarised below:

Group and Company	2021 £m	2020 £m
Opening balance	**0.9**	0.4
Increase in loss allowance recognised in profit and loss	**0.3**	0.5
Amounts written off during the year	**(0.2)**	–
Closing balance	**1.0**	0.9

The loss allowance for trade receivables is recorded in the accounts separately from the gross receivable. The contractual ageing of the trade receivables balance is as follows:

Group and Company	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Current	**1.3**	0.9	**1.3**	0.9
Overdue up to 30 days	**0.4**	1.2	**0.4**	1.2
Overdue between 30 and 60 days	**0.1**	0.1	**0.1**	0.1
Overdue between 60 and 90 days	**0.1**	0.3	**0.1**	0.3
Overdue more than 90 days	**1.2**	0.8	**1.2**	0.8
Trade receivables before loss allowance	**3.1**	3.3	**3.1**	3.3
Loss allowance	**(1.0)**	(0.9)	**(1.0)**	(0.9)
Trade receivables net of loss allowance	**2.1**	2.4	**2.1**	2.4

21. Discontinued Operations

On 7 June 2020, the Group sold its subsidiary, Stable Pizza & Cider Limited ("The Stable") to Sourdough South Limited ("Three Joes"), for an enterprise value of £0.5 million on a debt-free basis including any cash left in the business. Accordingly this business has been reported as discontinued operations in the Annual Report for the 52 weeks ended 27 March 2021.

On 27 April 2019, the Group sold its entire Beer Business to Asahi Europe Ltd ("AEL"), a wholly owned subsidiary of Asahi Group Holdings Ltd ("Asahi"), for an enterprise value of £250.0 million on a debt-free basis including any cash left in the business.

The business sold comprised the entirety of Fuller's beer, cider and soft drinks brewing and production, wine wholesaling, as well as the distribution thereof, and also includes the Griffin Brewery, Cornish Orchards, Dark Star Brewing and Nectar Imports (referred to as the "Fuller's Beer Business"). Accordingly those divisions have been reported as discontinued operations in the Annual Report for the 52 weeks ended 28 March 2020.

a) Financial Performance and Cash Flow

The financial performance and cash flow information presented for the 52 weeks ended 27 March 2021 reflects the operations for the period ended 7 June 2020. The financial performance and cash flow presented for the 52 weeks ended 28 March 2020 reflects the full year of The Stable and the period ended 27 April 2019 for the Fuller's Beer Business.

	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Revenue		
Segment revenue	–	26.4
Inter-segment sales	–	(4.1)
Revenue from third parties	–	22.3
Segment result	**(0.5)**	(0.5)
Operating separately disclosed items	–	(3.8)
Operating loss	**(0.5)**	(4.3)
Net finance costs	–	(0.3)
Loss from operating activities – discontinued operations	**(0.5)**	(4.6)
(Loss)/gain on sale of discontinued operation[1]	**(0.9)**	162.4
Income tax on (loss)/gain on sale of discontinued operation	–	–
(Loss)/profit before tax – discontinued operations	**(1.4)**	157.8
Taxation	–	(0.1)
Analysed as:		
Underlying trading	–	(0.1)
Separately disclosed items	–	–
(Loss)/profit from discontinued operations	**(1.4)**	157.7
Net cash (outflow)/inflow from operating activities	**(0.4)**	1.5
Net cash inflow from investing activities	**0.3**	224.5
Net cash outflow from financing activities	**(0.1)**	(0.9)
Net (decrease)/increase in cash generated by discontinued operations	**(0.2)**	225.1
Other segment information		
Additions to property, plant and equipment	–	0.9
Depreciation and amortisation	**0.3**	1.6
Impairment	–	3.8
(Loss)/earnings per share – discontinued operations		
40p 'A' and 'C' ordinary share		
Basic (loss)/earnings per share	**(2.54)**	286.08
Diluted (loss)/earnings per share	**(2.54)**	285.42
Adjusted (loss)/earnings per share	**(0.91)**	(1.63)
Diluted adjusted (loss)/earning per share	**(0.91)**	(1.63)
4p 'B' ordinary share		
Basic (loss)/earnings per share	**(0.25)**	28.61
Diluted (loss)/earnings per share	**(0.25)**	28.54
Adjusted (loss)/earnings per share	**(0.09)**	(0.16)
Diluted adjusted (loss)/earning per share	**(0.09)**	(0.16)

1 This is treated as a separately disclosed item.

Notes to the Financial Statements

Continued

21. Discontinued Operations continued

b) Details of the Sale of the Subsidiary

	52 weeks ended 27 March 2021 £m
Consideration received	
Cash	**0.4**
Carrying amount of net assets sold	**1.2**
Loss on sale before income tax	**(0.8)**
Transaction costs	**(0.1)**
Loss net of transaction costs	**(0.9)**
Income tax expense on loss	–
Loss on sale after income tax	**(0.9)**

22. Assets held for sale

	Group 2021	Company 2021
Assets held for sale at the start of the year	**2.6**	**2.6**
Assets disposed of during the year	**(3.1)**	**(3.1)**
Assets transferred from Investment Properties	**1.7**	**1.7**
Assets transferred from Property, Plant and Equipment	**8.6**	**8.6**
Impairment of assets	**(0.2)**	**(0.2)**
Assets held for sale at the end of the year	**9.6**	**9.6**

At 27 March 2021, 17 properties have been classified as held for sale (2020: 2 properties). The properties are predominately unlicensed properties. Sale is expected within 12 months from the reporting date. An impairment of £0.2 million was recognised on reclassifying the property to held for sale to recognise the assets at the lower of carrying amount and fair value less cost to sell. Valuations performed are based on observations of transactions involving properties of a similar nature, location and condition. Since this valuation was performed using a significant non-observable input, the fair value measurement can be categorised as a Level 3.

23. Trade and Other Payables

Due within one year:

Group	2021 £m	2020 £m
Trade payables	**12.7**	12.6
Other tax and social security	**1.6**	5.1
Other payables	**5.7**	6.7
Accruals	**7.3**	10.9
Contract liabilities	**1.4**	2.4
	28.7	37.7

Due within one year:

Company	2021 £m	2020 £m
Trade payables	**12.6**	11.5
Amounts due to subsidiary undertakings	**133.1**	132.2
Other tax and social security	**1.5**	4.2
Other payables	**5.7**	5.5
Accruals	**7.3**	9.4
Contract liabilities	**1.4**	2.4
	161.6	165.2

Company amounts due to subsidiary undertakings of £133.1 million (2020: £132.2 million) have no fixed repayment date. Interest is payable on the balance at 3% above the Bank of England base rate. Company amounts due to subsidiary undertakings are unsecured.

Contract liabilities relate to deposits received from customers to secure bookings for events and accommodation. The balance will unwind and be recognised as revenue in the following financial year.

At 27 March 2021, £0.1 million has been recognised as deferred income within accruals in relation to the CCFF, representing the favourable conditions granted by the Government. This is being unwound over the term of the loan.

24. Cash, Borrowings and Net Debt

Cash and Short-Term Deposits

	Group 2021 £m	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Cash at bank and in hand	**17.1**	20.3	**16.9**	19.2

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents comprise cash at bank and in hand, as above. Cash at bank earns interest at floating rates.

Borrowings	**Group 2021 £m**	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Bank loans	**107.9**	171.7	**107.9**	171.7
CCFF	**99.8**	–	**99.8**	–
Debenture stock	**25.9**	25.9	**25.9**	25.9
Preference shares	**1.6**	1.6	**1.6**	1.6
Total borrowings	**235.2**	199.2	**235.2**	199.2
Analysed as:				
Borrowings within current liabilities	**207.7**	171.7	**207.7**	171.7
Borrowings within non-current liabilities	**27.5**	27.5	**27.5**	27.5
	235.2	199.2	**235.2**	199.2

All borrowings at both year ends are denominated in Sterling and where appropriate are stated net of issue costs. Further information on borrowings is given in note 28.

Bank Loans

Group and Company

The Group had facilities of £291.7 million at year end including the CCFF. Post year end, the CCFF expired on 12 May 2021 and was repaid on that date. The remaining £191.7 million of the Company's total existing main bank facilities were due to expire in August 2021 but on 20 April 2021 the bank facilities were amended and extended to February 2023.

At 27 March 2021, £83.7 million (2020: £53.0 million) of the total of £291.7 million (2020: £225.0 million) committed bank facility was available and undrawn.

As a result of coronavirus and the temporary closure of the entire estate for a significant portion of the period, the two main quarterly covenants, being net debt to EBITDA (leverage) and net debt to finance charges, were waived for the whole period and revised to a more appropriate test based on liquidity for each of the quarters during the financial year. The liquidity covenants are in place until March 2022 and then will revert to the leverage and interest coverage covenants from June 2022.

The bank loans at 27 March 2021 are unsecured, and are repayable as shown in the table on the following page. Interest is payable at LIBOR plus a margin, which varies dependent on the ratio of net debt to EBITDA, but since the covenants were waived in March 2020 and replaced with a liquidity test the interest rate margin has been fixed until March 2022.

Notes to the Financial Statements

Continued

24. Cash, Borrowings and Net Debt continued

The bank loans and CCFF are repayable as follows:

	2021 £m	2020 £m
On demand or within one year	**208.0**	172.0
Less: bank loan arrangement fees	**(0.1)**	(0.3)
Less: CCFF amortisation fees and fair value adjustments	**(0.2)**	–
Current liabilities	**207.7**	171.7

Debenture Stock

The debentured stocks are secured on specified fixed and floating assets of the Company and are redeemable on maturity.

Debenture stock is repayable as follows:

Group and Company	2021 £m	2020 £m
In the third to fifth year inclusive – 10.70% 1st Mortgage Debenture Stock 2023	**6.0**	6.0
In greater than five years – 6.875% Debenture Stock 2028 (1st floating charge)	**20.0**	20.0
Less: discount on issue	**(0.1)**	(0.1)
Non-current liabilities	**25.9**	25.9

Preference Shares

The Company's preference shares are classified as debt. The shares are not redeemable and are included in borrowings within non-current liabilities. See note 26 for further details of the preference shares.

Analysis of Net Debt

Group

52 weeks ended 27 March 2021	At 28 March 2020 £m	Cash flows £m	Non-cash[1] £m	At 27 March 2021 £m
Cash and cash equivalents:				
Cash and short-term deposits	20.3	(3.2)	–	**17.1**
	20.3	(3.2)	–	**17.1**
Financial liabilities:				
Lease liabilities	(112.9)	9.2	13.8	**(89.9)**
	(112.9)	9.2	13.8	**(89.9)**
Debt:				
Bank loans[2]	(171.7)	64.0	(0.2)	**(107.9)**
CCFF	–	(99.4)	(0.4)	**(99.8)**
Debenture stock	(25.9)	–	–	**(25.9)**
Preference shares	(1.6)	–	–	**(1.6)**
Total borrowings	(199.2)	(35.4)	(0.6)	**(235.2)**
Net debt	(291.8)	(29.4)	13.2	**(308.0)**

52 weeks ended 28 March 2020	At 30 March 2019 £m	Transition to IFRS 16 £m	Cash flows £m	Non-cash[1] £m	At 28 March 2020 £m
Cash and cash equivalents:					
Cash and short-term deposits	11.0	–	9.3	–	20.3
	11.0	–	9.3	–	20.3
Financial liabilities:					
Lease liabilities	–	(100.4)	11.2	(23.7)	(112.9)
	–	(100.4)	11.2	(23.7)	(112.9)
Debt:					
Bank loans[2]	(228.5)	–	57.0	(0.2)	(171.7)
Other loans	(0.2)	–	–	0.2	–
Debenture stock	(25.9)	–	–	–	(25.9)
Preference shares	(1.6)	–	–	–	(1.6)
Total borrowings	(256.2)	–	57.0	–	(199.2)
Net debt	(245.2)	(100.4)	77.5	(23.7)	(291.8)

1 Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued, movements in lease liabilities and corporate acquisitions.
2 Bank loans net of arrangement fees.

Company

52 weeks ended 27 March 2021	At 28 March 2020 £m	Cash flows £m	Non-cash[1] £m	**At 27 March 2021 £m**
Cash and cash equivalents:				
Cash and short-term deposits	19.2	(2.3)	–	**16.9**
	19.2	(2.3)	–	**16.9**
Financial liabilities:				
Lease liabilities	(99.6)	8.9	2.4	**(88.3)**
	(99.6)	8.9	2.4	**(88.3)**
Debt:				
Bank loans[2]	(171.7)	64.0	(0.2)	**(107.9)**
CCFF	–	(99.4)	(0.4)	**(99.8)**
Debenture stock	(25.9)	–	–	**(25.9)**
Preference shares	(1.6)	–	–	**(1.6)**
Total borrowings	(199.2)	(35.4)	(0.6)	**(235.2)**
Net debt	(279.6)	(28.8)	1.8	**(306.6)**

Notes to the Financial Statements

Continued

24. Cash, Borrowings and Net Debt continued

52 weeks ended 28 March 2020	At 30 March 2019 £m	Transition to IFRS 16 £m	Cash flows £m	Non-cash[1] £m	At 28 March 2020 £m
Cash and cash equivalents:					
Cash and short-term deposits	9.2	–	10.0	–	19.2
	9.2	–	10.0	–	19.2
Financial liabilities:					
Lease liabilities	–	(88.6)	10.1	(21.1)	(99.6)
	–	(88.6)	10.1	(21.1)	(99.6)
Debt:					
Bank loans[2]	(228.5)	–	57.0	(0.2)	(171.7)
Debenture stock	(25.9)	–	–	–	(25.9)
Preference shares	(1.6)	–	–	–	(1.6)
Total borrowings	(256.0)	–	57.0	(0.2)	(199.2)
Net debt	(246.8)	(88.6)	77.1	(21.3)	(279.6)

1 Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued and movements in lease liabilities.
2 Bank loans net of arrangement fees.

25. Pensions

a) Retirement Benefit Plans – Group and Company

The Group operates one closed funded defined benefit pension scheme, the Fuller Smith & Turner Pension Plan. The plan is defined benefit in nature, with assets held in separate professionally managed, Trustee-administered funds. The Scheme is HM Revenue & Customs registered pension plan and subject to standard United Kingdom pension and tax law. On 1 January 2015 the plan was closed to future accrual.

The Group also operates three defined contribution stakeholder pension plans for its employees. The Fuller's Stakeholder Pension Plan was set up for new employees of the Parent Company after the closure of the Fuller, Smith & Turner Pension Plan to new entrants on 1 August 2005. The Griffin Stakeholder Pension Plan operates for those employees of a Group subsidiary. The Gales 2001 scheme was set up following the closure of the Gales defined benefit scheme in 2001.

The Group offers workplace pensions to all employees who are not members of the three defined contribution stakeholder pension plans. The Group offers these pensions through the National Employment Savings Trust ("NEST").

The Group also pays benefits, which are unfunded, to a number of former employees. The Directors consider these benefits to be defined benefit in nature and the full defined benefit liability is recognised on the Balance Sheet.

Group and Company	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Total amounts charged in respect of pensions in the year		
Charged to Income Statement:		
Defined benefit scheme – net finance charge – separately disclosed items	**0.1**	0.6
Defined contribution schemes and NEST – total operating charge	**1.7**	2.1
	1.8	2.7
Charge/(credit) to equity:		
Defined benefit schemes – net actuarial losses/(gains)	**1.0**	(5.9)
Total pension charge/(credit)	**2.8**	(3.2)

b) Defined Contribution Stakeholder Pension Plans – Group and Company

The total cost charged to income in respect of the defined contribution stakeholder schemes is shown in the total operating charge above.

c) Defined Benefit Plans – Group and Company

The Scheme provides pensions and lump sums to members on retirement and to their dependants on death.

Trustees are appointed by both the Company and the Scheme's membership and act in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustees are also responsible for the investment of the Scheme's assets.

The Company pays the costs as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

Responsibility for making good any deficit on the Scheme lies with the Company and this introduces a number of risks for the Company. The major risks are:

- interest and investment risk – The value of the Scheme's assets are subject to volatility in equity prices. The Scheme has diversified its investments to reduce the impact of volatility and variable interest return rates
- inflation risk – The defined benefit obligation is linked to inflation so higher rates would result in a higher defined benefit obligation
- longevity risk – An increase over the assumptions applied will increase the defined benefit obligation.

The Company and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal control policies.

The Scheme is subject to regular actuarial valuations, which are usually carried out every three years. In June 2021, the 2019 triennial valuation was concluded and the Company have agreed to continue to pay in line with the existing recovery plan. Under this plan, deficit reduction contributions started at £2.1 million in July 2019 and increase per annum in line with CPI. Subsequent to the year end, fixed security over certain of the Company's freehold properties (with a net book value of £27.3 million), has been provided to the Scheme as additional security, the value of which will be reviewed at each triennial valuation. The next triennial valuation is due on 30 July 2022.

The figures in the following disclosures were measured using the projected unit credit method.

The Scheme has not invested in any of the Group's own financial instruments or in properties or other assets in use by the Group.

Key assumptions

The key assumptions used in the 2021 valuation of the Scheme are set out below:

Mortality assumptions	2021 Years	2020 Years
Current pensioners (at 65) – males	**22.2**	22.1
Current pensioners (at 65) – females	**24.4**	24.3
Future pensioners (at 65) – males	**23.5**	23.4
Future pensioners (at 65) – females	**25.9**	25.8

The Scheme is now closed to future accrual. The average age of the members who were active at closure is 56 for males and 52 for females. The average age of all non-pensioners is 56.

Key financial assumptions used in the valuation of the Scheme	2021	2020
Rate of increase in pensions in payment	**3.35%**	2.85%
Discount rate	**1.95%**	2.40%
Inflation assumption – RPI	**3.40%**	2.85%
Inflation assumption – CPI (pre 2030/post 2030)	**2.5%/3.4%**	1.95%

The present value of the Scheme liabilities is sensitive to the assumptions used, as follows:

Impact on Scheme liabilities – increase/(decrease)[1]	2021 £m	2020 £m
Increase discount rate by 0.1%	**(2.6)**	(2.1)
Increase inflation assumption by 0.1%[2]	**2.1**	1.8
Increase life expectancies by 1 year	**7.3**	5.7

1 The sensitivity analyses are based on a change in an assumption whilst holding all of the other assumption constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity to change, the same actuarial method has been applied as when calculating the pension liability within the Balance Sheet. Due to the Scheme closing to future accrual on 1 January 2015, there are no longer any active members in the Scheme. As the members who were active at closure did not maintain a salary link on their past service benefits, the future salary increase assumptions no longer have an impact on the Scheme's liabilities.
2 For members who were active at closure, their pensions now increase in deferment in line with CPI inflation.

Notes to the Financial Statements

Continued

25. Pensions continued

Assets in the Scheme	27 March 2021 £m	28 March 2020 £m
Corporate bonds	**25.5**	26.9
Index linked debt instruments	**28.3**	–
Gilts	–	24.0
UK equities	–	17.0
Overseas equities	**30.6**	20.9
Alternatives[1]	**53.7**	30.5
Cash	**1.9**	0.9
Annuities	**3.8**	3.6
Total market value of assets	**143.8**	123.8

1 Alternatives is composed of holdings in diversified growth investment funds.

	2021 £m	2020 £m
Fair value of Scheme assets	**143.8**	123.8
Present value of Scheme liabilities	**(147.3)**	(128.5)
Deficit in the Scheme	**(3.5)**	(4.7)

Included within the total present value of Group and Company Scheme liabilities of £147.3 million (2020: £128.5 million) are liabilities of £2.1 million (2020: £2.4 million) which are entirely unfunded.

	Defined benefit obligation		Fair value of Scheme assets		Net defined benefit deficit	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Balance at beginning of the year	**(128.5)**	(148.3)	**123.8**	111.9	**(4.7)**	(36.4)
Included in profit and loss						
Current service cost	–	–	–	–	–	–
Net interest cost	**(3.0)**	(3.7)	**2.9**	3.1	**(0.1)**	(0.6)
	(3.0)	(3.7)	**2.9**	3.1	**(0.1)**	(0.6)
Included in Other Comprehensive Income						
Actuarial gains/(losses) relating to:						
Actual return less expected return on Scheme's assets	–	–	**19.5**	(13.2)	**19.5**	(13.2)
Experience gains/(losses) arising on Scheme liabilities	**(20.5)**	19.1	–	–	**(20.5)**	19.1
	(20.5)	19.1	**19.5**	(13.2)	**(1.0)**	5.9
Other						
Employer special contributions	–	–	–	24.0	–	24.0
Employer contributions	–	–	**2.3**	2.4	**2.3**	2.4
Benefits paid	**4.7**	4.4	**(4.7)**	(4.4)	–	–
	4.7	4.4	**(2.4)**	22.0	**2.3**	26.4
Balance at end of the year	**(147.3)**	(128.5)	**143.8**	123.8	**(3.5)**	(4.7)

The weighted average duration of the Scheme's liabilities at the end of the period is 17 years (2020: 17 years).

The total contributions to the scheme in the next financial year are expected to be £2.3 million for the Group and Company. Following the conclusion of the 2019 triennial valuation on 15 June 2021, it was agreed that the Company would continue to pay contributions in line with the deficit recovery plan which started at £2.1 million in July 2019 and increase each year with CPI. The recovery deficit plan will be reviewed at the next triennial valuation which is due on 30 July 2022. No further payments are made as the Scheme is now closed to future accrual.

In the prior year, following the sale of the Fuller's Beer Business to Asahi Europe Ltd, which completed on 27 April 2019, the Group made a special contribution of £24.0 million of net cash proceeds from the sale to the Scheme.

26. Preference Share Capital

Group and Company

Authorised, issued and fully paid share capital Number authorised and in issue:	First 6% cumulative preference share of £1 each Number 000s	Second 8% cumulative preference share of £1 each Number 000s	Total Number 000s
At 30 March 2019, 28 March 2020 and 27 March 2021	**400**	**1,200**	**1,600**

Monetary amount:	£m	£m	£m
At 30 March 2019, 28 March 2020 and 27 March 2021	**0.4**	**1.2**	**1.6**

The first 6% cumulative preference shares of £1 each are entitled to first payment of a fixed cumulative dividend and on winding up to a return of paid capital plus arrears of dividends. The second 8% cumulative preference shares of £1 each are entitled to second payment of a fixed cumulative dividend and on winding up a return of capital paid up (plus a premium calculated by reference to an average quoted price on the London Stock Exchange for the previous six months) plus arrears of dividends.

Preference shareholders may only vote in limited circumstances: principally on winding up, alteration of class rights or on unpaid preference dividends. Preference shares cannot be redeemed by the holders, other than on winding up.

27. Provisions

	Legal claim		Onerous lease	
Group and Company	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Balance at beginning of the year	**4.1**	4.2	–	2.6
Utilised	**(0.1)**	(0.1)	–	–
Transferred to right-of-use assets	–	–	–	(2.6)
Balance at end of the year	**4.0**	4.1	–	–

Analysed as:	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Due within one year	**4.0**	4.1	–	–
Due in more than one year	–	–	–	–
	4.0	4.1	–	–

Further information has not been disclosed about the legal claim as it is an ongoing dispute.

Notes to the Financial Statements

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28. Financial Instruments

Details of the Group's treasury function are included in the Financial Review's discussion of financial risks and treasury policies on page 25.

The accounting treatment of the Group's financial instruments is detailed in note 1.

a) Capital Management – Group and Company

As described in note 1, the Group considers its capital to comprise the following:

Group	2021 £m	2020 £m
Ordinary share capital	**22.8**	22.8
Share premium	**4.2**	4.2
Capital redemption reserve	**3.7**	3.7
Hedging reserve	**(0.5)**	(0.9)
Retained earnings	**366.3**	417.1
Preference shares	**1.6**	1.6
	398.1	448.5

Company	2021 £m	2020 £m
Ordinary share capital	**22.8**	22.8
Share premium	**4.2**	4.2
Capital redemption reserve	**3.7**	3.7
Hedging reserve	**(0.5)**	(0.9)
Merger reserve	**(1.6)**	–
Retained earnings	**320.7**	373.5
Preference shares	**1.6**	1.6
	350.9	404.9

In managing its capital, the primary objective is to ensure that the Group is able to continue to operate as a going concern and to maximise return to shareholders through a combination of capital growth, distributions and the payment of preference dividends to its preference shareholders. The Group seeks to maintain a ratio of debt and equity that balances risks and returns at an acceptable level and maintains sufficient funds to meet working capital targets, investment requirements and comply with lending covenants. The Group did not buy back any shares in the 52 weeks ended 27 March 2021 (2020: £0.5 million). As a minimum, the Board reviews the Group's dividend policy twice yearly and reviews the treasury position at every Board meeting.

b) Categories of Financial Assets and Liabilities

The Group's financial assets and liabilities as recognised at the Balance Sheet date may also be categorised as follows:

Group	2021 £m	2020 £m
Non-current assets		
Financial assets at amortised cost:		
Loans and other receivables in scope of IFRS 9	–	0.1
Total non-current assets	–	0.1
Current assets		
Trade and other receivables in scope of IFRS 9	**2.1**	2.4
Total current assets	**2.1**	2.4
Total financial assets	**2.1**	2.5
Current liabilities		
Financial liabilities at amortised cost:		
Trade and other payables in scope of IFRS 9	**25.4**	30.0
Lease liabilities	**6.7**	8.9
Loans	**207.7**	171.7
Total carried at amortised cost	**239.8**	210.6
Total current liabilities	**239.8**	210.6
Non-current liabilities		
Derivative financial instruments used for hedging	**0.7**	1.1
Financial liabilities at amortised cost:		
Lease liabilities	**83.2**	104.0
Loans and debenture stock	**25.9**	25.9
Preference shares	**1.6**	1.6
Total carried at amortised cost	**110.7**	131.5
Total non-current liabilities	**111.4**	132.6
Total financial liabilities	**351.2**	343.2

Notes to the Financial Statements

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28. Financial Instruments continued

Company	2021 £m	2020 £m
Non-current assets		
Financial assets at amortised cost:		
Loans and other receivables in scope of IFRS 9	–	0.1
Total non-current assets	–	0.1
Current assets		
Trade and other receivables in scope of IFRS 9	**2.1**	9.9
Total current assets	**2.1**	9.9
Total financial assets	**2.1**	10.0
Current liabilities		
Financial liabilities at amortised cost:		
Trade and other payables in scope of IFRS 9	**158.4**	159.6
Lease liabilities	**6.5**	7.9
Loans	**207.7**	171.7
Total carried at amortised cost	**372.6**	339.2
Total current liabilities	**372.6**	339.2
Non-current liabilities		
Derivative financial instruments used for hedging	**0.7**	1.1
Financial liabilities at amortised cost:		
Lease liabilities	**81.8**	91.7
Loans and debenture stock	**25.9**	25.9
Preference shares	**1.6**	1.6
Total carried at amortised cost	**109.3**	119.2
Total non-current liabilities	**110.0**	120.3
Total financial liabilities	**482.6**	459.5

There is no set-off of financial assets and liabilities as shown above.

c) Financial Risks – Group and Company

The main risks associated with the Group's financial assets and liabilities are set out below, as are the Group's policies for their management.

Derivative instruments are used to change the economic characteristics of financial instruments in accordance with Group policy.

i. Interest rate risk

The Group manages its cost of borrowings using a mixture of fixed rates, variable rates and interest rate swaps. Fixed rates do not expose the Group to cash flow interest rate risk, but do not enjoy a reduction in borrowing costs in markets where rates are falling. Floating rate borrowings, although not exposed to changes in fair value, expose the Group to cash flow risk following rises in interest rates and cost.

The debentures totalling £25.9 million (2020: £25.9 million) and the CCFF totalling £99.8 million (2020: £nil), net of interest paid in advance, are at fixed rates. The bank loans totalling £107.9 million (2020: £171.7 million), net of arrangement fees, are at floating rates. At the year end, after taking account of interest rate swaps, 19% (2020: 23%) of the Group's bank loans and 63% (2020: 34%) of gross borrowings were at fixed rates.

Interest rate swaps
The Group has entered into interest rate swap agreements, where the Group pays a fixed rate and receives one month or three month LIBOR, in order to hedge the risk of variation in interest cash flows on its borrowings. At the Balance Sheet date £20.0 million of the Group and Company's borrowings (2020: £40.0 million) were hedged by interest rate swaps at a blended fixed rate of 2.30% (2020: 2.42%). The swap active at 27 March 2021 expires in 2022.

The interest rate swap is expected to impact the Income Statement in line with the liquidity risk table shown in section (iii) below. The interest rate swap cash flow hedge in effect at 27 March 2021 was assessed as being highly effective. Net unrealised gain of £0.3 million (2020: £0.2 million) has been recorded in Other Comprehensive Income. An interest rate swap for £20.0 million expired in August 2020 and resulted in £0.2 million net realised gain.

Sensitivity – Group and Company
The Group borrows in Sterling at market rates. Three month Sterling LIBOR rate during the 52 weeks ended 27 March 2021 ranged between 0.09% and 0.58%. The Directors consider 1.00% to be a reasonable possible increase in rates and 0.50% to be a reasonable possible decrease in rates, with reference to market yield curves and the current economic conditions.

The annualised effect of these changes to interest rates on the floating rate debt at the Balance Sheet date, all other variables being constant, are as follows:

	Group		Company[1]	
Impact on post-tax profit and net equity – increase/(decrease)	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Decrease interest rate by 0.5%	**0.4**	0.5	**0.9**	1.1
Increase interest rate by 1.0%	**(0.7)**	(1.1)	**(1.8)**	(2.1)

1 The Company has substantial interest bearing payables due to subsidiary companies (note 23).

ii. Credit risk
The risk of financial loss due to a counter party's failure to honour its obligations arises principally in relation to transactions where the Group provides goods and services on deferred payment terms, deposits surplus cash and enters into derivative contracts.

Group policies are aimed at minimising losses and deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Individual customers are subject to credit limits to control debt exposure and goods may also be sold on a cash with order basis.

Cash deposits with financial institutions for short periods and derivative transactions are only permitted with financial institutions approved by the Board. There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the Balance Sheet date.

Trade and other receivables
The Group records impairment losses on its trade receivables separately from gross receivables. Further detail is included in note 20.

iii. Liquidity risk
The Group minimises liquidity risk by managing cash generation, applying trade receivables collection targets, monitoring daily cash receipts and payments and setting rolling cash forecasts. Investments have cash payback periods applied as part of a tightly controlled investment appraisal process. The Group's rating with credit agencies is excellent.

The Group has a mixture of long and short-term borrowings and overdraft facilities: 9% (2020: 11%) of the Group's borrowings are repayable after more than five years, 3% (2020: 76%) within the first to fifth years and 88% (2020: 13%) within one year.

The tables on the following page summarise the maturity profile of the Group's financial liabilities at 27 March 2021 based on undiscounted contractual cash flows, including interest payable. Floating rate interest is estimated using the prevailing interest rate at the Balance Sheet date.

Notes to the Financial Statements

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28. Financial Instruments continued

Group at 27 March 2021	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Total £m
Interest bearing loans and borrowings[1]	–	0.9	210.0	12.8	22.9	**246.6**
Preference shares[2]	–	–	0.1	0.5	3.4	**4.0**
Trade and other payables	12.7	8.7	4.0	–	–	**25.4**
Lease liabilities	–	7.2	10.2	10.4	80.9	**108.7**

1 Bank loans are included after taking account of the following cash flows in relation to the interest rate swap held in respect of these borrowings:

Interest rate swaps	–	0.1	0.3	0.2	–	**0.6**

Group at 28 March 2020	On demand[3] £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Total £m
Interest bearing loans and borrowings[1]	160.1	1.2	29.9	–	24.3	**215.5**
Preference shares[2]	–	–	0.1	0.5	3.4	**4.0**
Trade and other payables	12.6	13.3	4.1	–	–	**30.0**
Lease liabilities	–	3.0	9.1	41.7	94.7	**148.5**

1 Bank loans are included after taking account of the following cash flows in relation to the interest rate swap and cap held in respect of these borrowings:

Interest rate swaps	–	0.2	0.3	0.4	–	**0.9**

2 The preference shares have no contractual repayment date. For the purposes of the table above interest payments have been shown for 20 years from the Balance Sheet date but no further.

3 The £160.1 million has been restated from the 1 to 5 years bucket to the on demand bucket. This is because at the end of FY20 there was a technical breach of the covenants and therefore the balance should have been disclosed within the on demand bucket.

The Company figures are as for the Group, except as follows:

Company at 27 March 2021	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Total £m
Amounts due to subsidiary undertakings[3]	133.1	–	–	–	–	**133.1**
Trade and other payables	12.6	8.7	4.0	–	–	**25.3**
Lease liabilities	–	7.1	9.9	10.2	79.5	**106.7**
Company at 28 March 2020						
Amounts due to subsidiary undertakings[3]	132.2	–	–	–	–	**132.2**
Trade and other payables	11.5	11.8	4.1	–	–	**27.4**
Lease liabilities	–	2.7	8.1	36.3	85.0	**132.1**

3 Amounts due to subsidiary undertakings have no fixed repayment date. Interest is payable on the balance at 3% above the Bank of England base rate.

Security – Group and Company

The 10.7% debentures 2023 are secured on property, plant and equipment with a net book value of £11.6 million (2020: £11.0 million). The 6.875% debentures 2028 are secured by a floating charge over the assets of the Company.

Covenants – Group and Company

The Group and Company are subject to a number of covenants in relation to their borrowing facilities which, if contravened, would result in its loans becoming immediately repayable. These covenants inter alia specify maximum net debt to earnings before interest, tax, depreciation and amortisation, and minimum earnings before interest, tax, depreciation and amortisation to interest.

When it came apparent that as a result of coronavirus the Company's pubs and hotels would need to temporarily close, Fuller's began discussions with its lenders and formally agreed appropriate amendments to its banking agreements with its lenders. The revised covenants focus on liquidity headroom metrics, which are more appropriate under the current coronavirus conditions. The agreement was initially through to September 2020 and was later extended to March 2021. As part of the amend and extend of the facilities, as agreed on 20 April 2021, the covenants were waived through to and including March 2022 and replaced with the liquidity test.

d) Fair Value

Group	Book value 2021 £m	Book value 2020 £m	Fair value 2021 £m	Fair value 2020 £m	Fair value Level
Financial assets					
Loans and other receivables due in more than one year in scope of IFRS 9	–	0.1	–	0.1	3
Financial liabilities					
Lease liabilities	**(89.9)**	(112.9)	**(89.9)**	(112.9)	3
Fixed rate borrowings	**(125.7)**	(25.9)	**(132.7)**	(33.4)	3
Floating rate borrowings	**(107.9)**	(171.7)	**(107.9)**	(171.7)	3
Preference shares	**(1.6)**	(1.6)	**(1.6)**	(2.0)	3
Interest rate swaps	**(0.7)**	(1.1)	**(0.7)**	(1.1)	2

The Company figures are as for the Group above except for:

Company	Book value 2021 £m	Book value 2020 £m	Fair value 2021 £m	Fair value 2020 £m	Fair value Level
Financial liabilities					
Lease liabilities	**(88.3)**	(99.6)	**(88.3)**	(99.6)	3

Level 1 fair values are valuation techniques where inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at measure data.

Level 2 fair values are valuation techniques where all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, but are not derived directly from quoted prices in active markets. The Group bases its valuations on information provided by financial institutions, who use a variety of estimation techniques based on market conditions, such as interest rate expectations, existing at each Balance Sheet date.

Level 3 fair values are valuation techniques for which all inputs that have a significant effect on the recorded fair value are not observable. Derivative fair values are obtained from quoted market prices in active markets. The fair values of borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates. Interest rates for borrowings range from 1.3% to 10.7%. The fair values of preference shares have been calculated using the market interest rates.

Management assessed that the fair values of cash and short-term deposits, trade receivables and other receivables, and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

There were no transfers between levels in the fair value hierarchy as at 27 March 2021 and 28 March 2020.

Notes to the Financial Statements

Continued

29. Share Capital and Reserves

a) Share Capital

Authorised, issued and fully paid Number in issue	'A' ordinary shares of 40p each Number 000s	'C' ordinary shares of 40p each Number 000s	'B' ordinary shares of 4p each Number 000s	'D' ordinary shares of 0.1p each Number 000s	Deferred shares of 0.1p each Number 000s	Total Number 000s
At 30 March 2019	33,578	14,503	89,052	–	–	137,133
Issue of Share Capital	–	–	–	552,318	–	552,318
Reclassification to Deferred shares	–	–	–	(552,318)	552,318	–
Cancellation of Deferred shares	–	–	–	–	(552,318)	(552,318)
Share conversions	42	(42)	–	–	–	–
At 28 March 2020	33,620	14,461	89,052	–	–	137,133
Share conversions	–	–	–	–	–	
At 27 March 2021	**33,620**	**14,461**	**89,052**	**–**	**–**	**137,133**
Proportion of total equity shares at 27 March 2021	**24.5%**	**10.6%**	**64.9%**	**–**	**–**	**100%**

Monetary amount	£m	£m	£m	£m	£m	£m
At 28 March 2020	13.4	5.8	3.6	–	–	22.8
Share conversions	–	–	–	–	–	–
At 27 March 2021	**13.4**	**5.8**	**3.6**	**–**	**–**	**22.8**

Share capital represents the nominal value proceeds received on the issue of the Company's equity share capital, comprising 40p and 4p ordinary shares. The Company's preference shares are classified as non-current liabilities in accordance with IFRS (see note 26).

The ordinary shareholders are entitled to be paid a dividend out of any surplus profits and to participate in surplus assets on winding up in proportion to the nominal value of each class of share ('B' shares have one-tenth of the nominal value of 'A' and 'C' shares).

All equity shares in the Company carry one vote per share, save that shares held in treasury have their voting rights suspended. The 'A' and 'C' shares have a 40p nominal value and the 'B' shares have a 4p nominal value so that a 'B' share dividend will be paid at 10% of the rate applying to 'A' and 'C' shares. The 'A' shares are listed on the London Stock Exchange. The 'C' shares carry a right for the holder to convert them to 'A' shares by written notice in the 30 day period following the half year and preliminary announcements. The 'B' shares are not listed and have no conversion rights. In most circumstances the value of a 'B' share is deemed to be 10% of the value of the listed 'A' shares. The Trustee holding shares for participants of the LTIP currently waives dividends for shares held during the initial three year period. Dividends are not paid on shares held in treasury.

The Articles include provisions relating to the Company's 'B' and 'C' shares which provide that shareholders who wish to transfer their shares may only do so if the transfer is to another 'B' or 'C' shareholder, or if the transfer is to certain of that shareholder's family members or their executors or administrators or, where shares are held by Trustees, to new Trustees, or to the Trustees of any employee share scheme, or if the Company is unable to identify another shareholder of that class willing to purchase the shares within the specified period, to any person.

The 'D' share with nominal value of 0.1p were issued to the ordinary shareholders in the following proportions: ten 'D' shares for each 'A' ordinary share and 'C' ordinary share in issue and one 'D' share for each 'B' ordinary share in issue. The 'D' shares were reclassified as a deferred shares and subsequently cancelled upon payment of a single 'D' share dividend (note 9).

b) Own Shares

Own shares relate to shares held by independently managed ESOTs together with the Company's holding of treasury shares. Shares are purchased by the ESOTs in order to satisfy potential awards under the LTIP and SIP. Treasury shares are used, inter alia, to satisfy options under the Company's share options schemes. The LTIP ESOT has waived its rights to dividends on the shares it holds. Treasury shares have voting and dividend rights suspended. All own shares held, as below, are excluded from earnings and net assets per share calculations.

	Treasury shares		LTIP ESOT		SIP ESOT	Total			Total
Number	'A' ordinary 40p shares 000s	'B' ordinary 4p shares 000s	'B' ordinary 4p shares 000s	'C' ordinary 40p shares 000s	'A' ordinary 40p shares 000s	'A' ordinary 40p shares 000s	'B' ordinary 4p shares 000s	'C' ordinary 40p shares 000s	Own shares 000s
At 30 March 2019	1,567	4,558	235	6	7	1,574	4,793	6	6,373
Shares purchased	49	–	91	–	–	49	91	–	140
Shares transferred	(41)	–	–	–	41	–	–	–	–
Shares released	(294)	–	–	–	(43)	(337)	–	–	(337)
At 28 March 2020	1,281	4,558	326	6	5	1,286	4,884	6	6,176
Shares released	(7)	–	–	–	–	(7)	–	–	(7)
At 27 March 2021	**1,274**	**4,558**	**326**	**6**	**5**	**1,279**	**4,884**	**6**	**6,169**

Monetary amount	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 30 March 2019	14.9	4.6	0.2	0.1	–	14.9	4.8	0.1	19.8
Shares purchased	0.4	–	0.1	–	–	0.4	0.1	–	0.5
Shares transferred	(0.5)	–	–	–	0.5	–	–	–	–
Shares released	(2.8)	–	–	–	(0.4)	(3.2)	–	–	(3.2)
At 28 March 2020	**12.0**	**4.6**	**0.3**	**0.1**	**0.1**	**12.1**	**4.9**	**0.1**	**17.1**
Shares released	(0.1)	–	–	–	–	(0.1)	–	–	(0.1)
At 27 March 2021	**11.9**	**4.6**	**0.3**	**0.1**	**0.1**	**12.0**	**4.9**	**0.1**	**17.0**
Market value at 27 March 2021	**11.0**	**3.9**	**0.3**	**0.1**	**–**	**11.0**	**4.2**	**0.1**	**15.3**

c) Other Capital Reserves

Share premium account

The balance in the share premium account represents the proceeds received above the nominal value on the issue of the Company's equity share capital. In the prior year, share premium was capitalised by £0.6 million in order to issue 'D' shares with the nominal value of 0.1p each to ordinary shareholders. The 'D' shares were reclassified as a deferred share and subsequently cancelled upon payment of a single 'D' share dividend (note 9).

Capital redemption reserve

The capital redemption reserve balance arises from the buy-back of the Company's own equity share capital.

Hedging reserve

The hedging reserve contains the effective portion of the cash flow hedge relationships incurred at the Balance Sheet date, net of tax.

Merger reserve

The merger reserve arises on the hive up of a subsidiary at market value with any difference between the reduction in investment and the underlying assets being recognised in this reserve.

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30. Share Options and Share Schemes

The key points of each of the Group's share schemes for grants up to 27 March 2021 are summarised below. All schemes are equity-settled. All disclosure relates to both Group and Company. For the purposes of option and LTIP schemes, "Adjusted EPS" will normally be consistent with the post-tax earnings per share excluding separately disclosed items as presented in the financial statements. However, the Remuneration Committee is authorised to make appropriate adjustments to Adjusted EPS as applied to these schemes.

Savings Related Share Option Scheme ("SAYE")

This scheme grants options over shares at a discount of 20% on the average market price over the three days immediately prior to the date of offer. Employees must save a regular amount each month. Savings are made over three or five years, at the participant's choice. The right to buy shares at the discounted price lasts for six months after the end of the savings contract. There are no performance conditions, other than continued employment.

Senior Executive Share Option Scheme

This is an unapproved Executive Share Option Scheme. No new grants have been made under this scheme since 2013 and all remaining options were exercised during the year ended 28 March 2020.

Executive Share Option Scheme

This is an approved Executive Share Option Scheme. For the grants up to the year ended 28 March 2020 the options vest if growth in Adjusted EPS exceeds the growth in RPI by 9% or more, over the three year performance period of the option. From the grant made during the year ended 27 March 2021 onwards, the options vest if the set pre-tax Adjusted EPS target is achieved. The options must then be exercised within seven years after the end of the performance period.

LTIP

This plan awards free shares. Up until the LTIP granted during the year ended 27 March 2021 vesting is conditional on growth in Adjusted EPS exceeding growth in RPI by 9% or more over the three year initial performance period of the award, with vesting levels on a sliding scale from 40% up to 100%, if growth in Adjusted EPS exceeds growth in RPI by 24% or more.

From the LTIP granted during the year ended 27 March 2021 vesting is conditional upon pre-tax Adjusted EPS targets, with vesting levels on a sliding scale from 25% up to 100% dependent on the level of EPS achieved. An independent firm of advisors verifies the vesting level each year. The initial vesting period is three years. After this time the shares may be passed to the plan participants, as long as vesting conditions are met.

SIP

This plan awards free shares. An equal number of shares are awarded to each eligible employee. The maximum value of the shares allowable under the scheme is £3,000 per year, per person with at least five months' service as at 15 May each year. The basis of the award was changed with effect from the 2018 award so that all eligible employees receive the same number of shares. There is no requirement for performance targets (although there may be tax consequences if sold within five years of the award).

Share-based payment expense recognised in the year

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 27 March 2021 is £0.3 million credit (2020: £0.5 million charge). The whole of that expense arises from equity-settled share-based payment transactions.

Market value

The market value of the shares at 27 March 2021 was £8.60 (2020: £6.50).

Movements in the year

The following tables illustrate the number and weighted average exercise prices ("WAEP") of, and movements in, each category of share instrument during the year.

Volatility

The expected volatility is based on the historical volatility over the expected life of the rights.

a) SAYE

	2021 Number 000s	2021 WAEP	2020 Number 000s	2020 WAEP
Outstanding at the beginning of the year	**167**	**£7.98**	485	£7.89
Granted	**410**	**£4.35**	–	n/a
Forfeited	**(78)**	**£7.54**	(129)	£7.90
Expired	**(38)**	**£8.06**	–	n/a
Exercised	**(1)**	**£8.12**	(189)	£7.80
Outstanding at the end of the year	**460**	**£4.79**	167	£7.98
Exercisable at the end of the year	**9**	**£8.51**	–	
Weighted average share price for options exercised in the year	**£8.99**		£10.13	
Weighted average contractual life remaining for share options outstanding at the year end	**3.1 years**		2.2 years	
Weighted average share price for options granted in the year	**£5.59**		n/a	
Weighted average fair value of options granted during the year	**£1.38**		n/a	
Range of exercise prices for options outstanding at the year end				
– from	**£4.35**		£7.70	
– to	**£8.70**		£8.70	

Outstanding share options granted to employees under the SAYE scheme are as follows:

Exercisable at	Exercise price 40p shares £	Number of 'A' ordinary shares under option 2021 000s	Number of 'A' ordinary shares under option 2020 000s
September 2020	8.70	**6**	26
September 2020	8.12	**3**	40
September 2021	7.74	**17**	35
September 2021	7.70	**24**	50
September 2022	8.12	**3**	6
September 2023	7.70	**4**	10
November 2023	4.35	**228**	–
November 2025	4.35	**175**	–
		460	167

b) Share Option Schemes

	Senior Executive Share Option Scheme			
	2021 Number 000s	2021 WAEP	2020 Number 000s	2020 WAEP
Outstanding at the beginning of the year	**–**	**n/a**	75	£7.00
Exercised	**–**	**n/a**	(75)	£7.00
Outstanding at the end of the year	**–**	**n/a**	–	n/a
Weighted average share price for options exercised in the year	**n/a**		£9.67	

Notes to the Financial Statements

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30. Share Options and Share Schemes continued

	Executive Share Option Scheme			
	2021 Number 000s	**2021 WAEP**	2020 Number 000s	2020 WAEP
Outstanding at the beginning of the year	**159**	**£9.69**	188	£9.50
Granted	**163**	**£6.92**	34	£9.61
Lapsed	**(44)**	**£10.24**	(42)	£10.24
Surrendered*	**(65)**	**£9.71**	–	–
Exercised	**(1)**	**£5.78**	(21)	£8.84
Outstanding at the end of the year	**212**	**£7.46**	159	£9.69
Exercisable at the end of the year	**26**	**£9.03**	47	£9.43
Weighted average share price for options exercised in the year	**£7.36**		£10.05	
Weighted average contractual life remaining for share options outstanding at the year end	**8.63 years**		6.93 years	
Weighted average share price for options granted in the year	**£6.92**		£9.70	
Weighted average fair value of options granted during the year	**£0.94**		£0.84	
Range of exercise prices for options outstanding at the year end				
– from	**£6.92**		£5.78	
– to	**£10.90**		£10.90	

* During the year ended 27 March 2021, 65,073 options were surrendered and replacement options granted, shown within the number granted above. This was treated as a modification of the original grants and as such the fair value recognised for the replacement options was reduced by the calculated fair value of the surrendered options as at the date of surrender, the average of which was £0.35. The fair value calculation for the surrendered options was performed consistently with the inputs disclosed at section e)(i) below except as follows. The expected remaining life ranged from 2 to 6 years, the volatility ranged from 17.7% to 20.9% and the risk-free interest rate used ranged from -0.1% to 0.05%.

Outstanding options which are capable of being exercised between three and ten years from date of issue and their exercise prices are shown in the table below:

		Executive Approved Scheme	
Exercisable in/between	Exercise price 40p shares £	**Number of 'A' ordinary shares under option 2021 000s**	Number of 'A' ordinary shares under option 2020 000s
2013 and 2020	5.78	**–**	1
2014 and 2021	7.09	**2**	2
2015 and 2022	7.05	**5**	5
2016 and 2023	9.10	**9**	10
2017 and 2024	9.65	**5**	17
2018 and 2025	10.90	**5**	13
2020 and 2027	10.34	**–**	38
2021 and 2028	9.46	**19**	42
2022 and 2029	9.61	**4**	31
2023 and 2030	6.92	**163**	–
		212	159

c) LTIP

Shares	2021 'A' shares Number 000s	2021 'B' shares Number 000s	2020 'A' shares Number 000s	2020 'B' shares Number 000s
Outstanding at the beginning of the year	**288**	**721**	360	901
Granted	**220**	**549**	115	288
Adjustment for 'D' shares impact	**–**	**–**	18	45
Lapsed	**(104)**	**(261)**	(205)	(513)
Outstanding at the end of the year	**404**	**1,009**	288	721

Weighted average share price for shares vested in the year	**n/a**	**n/a**	n/a	n/a
For shares outstanding at the year end, the weighted average contractual life remaining is	**1.91 years**	**1.91 years**	1.60 years	1.60 years
Weighted average share price for shares granted in the year	**£5.90**	**£0.59**	£9.70	£0.97
Weighted average fair value of shares granted during the year	**£5.75**	**£0.58**	£8.95	£0.90

All LTIPs have a vesting price of £nil. LTIP shares do not receive dividends until vested.

d) SIP

	2021 Number 000s	2020 Number 000s
Outstanding at the beginning of the year	**150**	254
Granted	**–**	43
Lapsed	**–**	(1)
Released	**(38)**	(146)
Outstanding at the end of the year	**112**	150

Weighted average share price for shares released in the year	**£7.22**	£9.61
For shares outstanding at the year end, the weighted average contractual life remaining is	**1.88 years**	2.61 years
Weighted average share price for shares granted during the year	**–**	£10.34
Weighted average fair value of shares granted during the year	**–**	£10.34

Outstanding SIP shares represent shares allocated and held by the SIP Trustees on behalf of employees, which remain in the trust for between three and five years. All SIPs have a vesting price of £nil. SIP shares receive dividends once allocated.

Notes to the Financial Statements

Continued

30. Share Options and Share Schemes continued

e) Fair Value of Grants

i. Equity-settled options and LTIPs

The fair value of equity-settled share options granted is estimated as at the date of grant, taking into account the terms and conditions upon which the awards were granted. The following table lists the inputs to the model used for the 52 weeks ended 27 March 2021 and 52 weeks ended 28 March 2020, except for exercise price and the weighted average share price for grants in the year, which are disclosed in sections a) to d) above.

	LTIP scheme		SAYE		Executive Share Option Scheme	
Fair value inputs	**2021**	2020	**2021**	2020	**2021**	2020
Dividend yield (%)	**nil%**	1.8%	**nil%**	n/a	**nil%**	1.8%
Expected share price volatility (%)	**n/a**	n/a	**17.2%–19.1%**	n/a	**18.7%**	15.8%
Risk-free interest rate (%)	**(0.1%)**	0.4%	**(0.1%)**	n/a	**(0.1%)**	0.4%
Expected life of option/award (years)	**3 years**	3 years	**3 to 5 years**	n/a	**4 years**	4 years
Model used	**Black Scholes**	Black Scholes	**Black Scholes**	n/a	**Black Scholes**	Black Scholes

ii. SIP free shares awarded

The fair value of free shares awarded under the SIP is the share price at the date of allocation. The total value of SIPs awarded is a fixed rate based on the Group's performance in the preceding financial year. The number of shares awarded is therefore dependent on the share price at the date of the award.

31. Guarantees and Commitments

a) Operating Lease Commitments

Operating leases where the Group is the lessor

The Group earns rental income from two sources. Licensed property included within property, plant and equipment is rented under agreements where lessees must also purchase goods from the Group. Additionally there are a smaller number of agreements in respect of investment properties where there is no requirement for the lessee to purchase goods.

Investment properties are let to third parties on leases that have remaining terms of between one and fifteen years.

At 27 March 2021 future minimum rentals receivable are as follows:

	Investment properties		Property, plant and equipment	
Group	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Within one year	**0.5**	0.8	**7.8**	3.1
Between one year and five years	**0.7**	1.0	**11.2**	4.8
After five years	**0.3**	0.5	**0.8**	3.3
	1.5	2.3	**19.8**	11.2
Company				
Within one year	**0.5**	0.8	**7.8**	2.6
Between one year and five years	**0.7**	1.0	**11.2**	4.7
After five years	**0.3**	0.5	**0.8**	4.8
	1.5	2.3	**19.8**	12.1

The Group and Company's commercial leases on property are principally for licensed outlets. The terms of the leases are normally for either three, four or five years. The agreements allow for annual inflationary increases and full rental reviews occur on renewal of the lease.

At 27 March 2021 future minimum rentals receivable under non-cancellable sub-leases included in the figures above were £1.6 million (2020: £5.4 million).

b) Other Commitments

Group and Company	2021 £m	2020 £m
Capital commitments – authorised, contracted but not provided for	**2.4**	1.3

32. Related Party Transactions

Group and Company

During the current and prior years the Company provided various administrative services to the Fuller, Smith & Turner Pension Plan free of charge. In addition, the Company settled costs totalling £368,000 (2020: £497,000) relating to the provision of actuarial, consulting and administrative services by third parties to the Fuller, Smith & Turner Pension Plan.

Compensation of key management personnel (including Directors)	52 weeks ended 27 March 2021 £m	52 weeks ended 28 March 2020 £m
Short-term employee benefits	**3.0**	4.3
Termination benefits	**0.1**	1.1
Post-employment benefits	**0.3**	0.4
Share-based payments	–	0.2
	3.4	6.0

Company Only

During the year the Company entered into the following related party transactions:

52 weeks ended 27 March 2021	Sales to related parties £m	Purchases from related parties £m	Interest due from related parties £m	Interest due to related parties £m	Amounts due to related parties £m	Amounts due from related parties £m
Subsidiaries	–	**21.0**	–	**4.2**	**(133.1)**	–

52 weeks ended 28 March 2020	Sales to related parties £m	Purchases from related parties £m	Interest due from related parties £m	Interest due to related parties £m	Amounts due to related parties £m	Amounts due from related parties £m
Subsidiaries	0.3	76.4	1.7	4.4	(132.2)	7.5

Interest is payable on the majority of the amounts due to subsidiaries at 3% above the Bank of England base rate. All amounts outstanding are unsecured and repayable on demand.

The Company received rental income from subsidiaries of £nil during the year (2020: £0.3 million). The Company also incurred rental expenses from subsidiaries of £0.3 million (2020: £10.1 million).

In addition, the Company has recharged an amount of £nil (2020: £1.4 million) to its subsidiaries and incurred £0.1 million (2020: £0.1 million) of recharges from its subsidiaries during the year.

Notes to the Financial Statements

Continued

32. Related Party Transactions continued

Subsidiaries of parent companies established within the European Economic Area are exempt from an audit if a guarantee is provided by the parent for the subsidiary liabilities and the shareholders are in unanimous agreement. The Group will be exempting the following companies from an audit in 2021 for the period ended 27 March 2021 under Section 479A of the Companies Act 2006, all of which are fully consolidated in these financial statements:

Company	Company Number
Griffin Catering Services Limited	01577632
Jacomb Guinness Limited	02934979
George Gale & Company Limited	00026330
45 Woodfield Limited	04279254
Grand Canal Trading Limited	04271734
B&D Country Inns I Limited	07292333
B&D Country Inns II Limited	08029280
B&D (Cookham) Limited	07320065
B&D (Odiham) Limited	08377459
B&D (Reading) Limited	07309587
B&D (Win) Limited	07320245
B&D (Farnham) Limited	08392963
B&D (Kingsclere) Limited	08975762
RSH 200 Limited	12035987
Cotswold Inns and Hotels Limited	03309179

The Group will be exempting the following companies from the preparation and delivering of accounts to Companies House under Section 394A of the Companies Act 2006, all of which are fully consolidated in these financial statements:

Company	Company Number
Griffin Inns Limited	00495934
Ringwoods Limited	00178536
F.S.T. Trustee Limited	03163480
Fuller, Smith & Turner Estates Limited	01831674

33. Post Balance Sheet Events

On 31 March 2021, the Group agreed an Amend and Extend Refinancing of its existing debt facilities with its relationship banks, extending the maturity of the £192 million facilities to 19 February 2023 and amending the financial covenants to a minimum liquidity level of £10 million to 31 March 2022.

On the same day it was also announced that the Group proposed placing new 'A' shares up to approximately 20% of existing issued 'A' ordinary share capital. The refinancing of the facilities was conditional on the successful equity raise. On 20 April 2021 the equity raise was approved by the shareholders at the EGM and the net proceeds of £52 million were received the same day.

On 13 May 2021, using the Group's available facilities and the proceeds of the equity raise, the Group repaid the CCFF in full.

34. Prior year adjustment

The Group identified an error within its assessment of deferred tax which dates back prior to the earliest prior period presented within these financial statements. In line with IAS 8, the Group has restated balances as at 31 March 2019, and restated its financial results for the period ended 28 March 2020.

The issue identified as at 31 March 2019 related to how deferred tax was being calculated on property, plant and equipment ('PP&E') and the assumptions used for the intended manner of recovery of each pub. Management had understated the base cost of PP&E recoverable on a sales basis and not recognised a deferred tax liability on a use basis. Additionally, an adjustment was recognised to goodwill for the acquisition of Bel & The Dragon as a result of incorrect application of the initial recognition exemption.

The financial impact of the errors identified are as follows:

	As at 28 March 2020			As at 31 March 2019		
Group	Reported £m	Adjustment £m	Restated £m	Reported £m	Adjustment £m	Restated £m
Deferred tax asset/(liability)	(17.1)	4.0	(13.1)	(9.2)	4.8	(4.4)
Retained earnings	(414.1)	(3.0)	(417.1)	(328.4)	(4.0)	(332.4)
Corporation tax	6.2	(0.2)	6.0	(2.8)	–	(2.8)
Goodwill	28.3	(0.8)	27.5	29.4	(0.8)	28.6

Income Statement for 52 weeks ended 28 March 2020:

	Reported £m	Adjustment £m	Restated £m
Profit before tax	166.2	–	166.2
Tax	(4.3)	(1.0)	(5.3)
Profit after tax	161.9	(1.0)	160.9

	As at 28 March 2020			As at 31 March 2019		
Company	Reported £m	Adjustment £m	Restated £m	Reported £m	Adjustment £m	Restated £m
Deferred tax asset/(liability)	(14.4)	3.6	(10.8)	(7.5)	4.4	(3.1)
Retained earnings	(370.1)	(3.4)	(373.5)	(303.3)	(4.4)	(307.7)
Corporation tax	6.1	(0.2)	5.9	–	–	–

Shareholder Information

as at 7 July 2021

Directors

Chairman

Michael Turner, FCA,
Non-Executive Chairman

Executive Directors

Simon Emeny, Chief Executive
Adam Councell, ACMA
Fred Turner, ACA

Non-Executive Directors

Sir James Fuller, Bt
Richard Fuller
Helen Jones*
Robin Rowland*
Juliette Stacey, ACA*

* Independent

President

Anthony Fuller, CBE

Chairman from 1982 to 2007, Anthony Fuller retired from the Board in 2010 after a long career with Fuller's and continues as President.

Secretary and Registered Office

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Registered Number 241882

Auditors

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1 More London Place
London SE1 2AF

Stockbrokers

Numis Securities Limited
10 Paternoster Square
London EC4M 7LT

Registrars

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
Tel: 0870 889 4096

Please note that you can advise Computershare of changes to your address or set up a dividend mandate online at www.computershare.com/investor/uk

Shareholder Privileges

Individual shareholders with at least 500 'A' or 'C' ordinary shares or 5,000 'B' ordinary shares are eligible to receive a shareholder *Inndulgence* card entitling them to a 15% discount on food and drinks in any of our managed pubs and hotels including Bel & The Dragon and Cotswolds Inns & Hotels. It also offers a 15% discount on the Best Flexible Rate or Standard Flexible B&B Rate for Beautiful Bedrooms by Fuller's and Bel & The Dragon accommodation. There is currently no accommodation discount available with the Shareholder *Inndulgence* Card at any of the Cotswold Inns & Hotel sites.

Information is available from the Company Secretariat on 020 8996 2105
or at company.secretariat@fullers.co.uk.

Redesignation of 'C' Shares

'C' ordinary shares can be redesignated as 'A' ordinary shares within 30 days of the preliminary and half year announcements by sending in your certificates and a written instruction to redesignate prior to or during the period to the Company's Registrars:

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ

ShareGift

The Orr Mackintosh Foundation operates a charity share donation scheme for shareholders with small parcels of shares whose value makes it uneconomic to sell them. If you have a small number of shares and would like to donate them to charity, details of the scheme can be found on the ShareGift website www.sharegift.org, or by contacting the Company Secretariat on 020 8996 2105.

Financial Calendar and Key Dates

23 September 2021
Annual General Meeting (11 a.m.)

18 November 2021
FY22 Half year results announcement

June 2022
FY22 Full year results announcement

Glossary

Adjusted earnings per share ("EPS") – this is earnings per share, adjusted for separately disclosed items. The Directors believe that this measure provides useful information for shareholders as to the performance of the Group.

Adjusted profits – this is profit before tax and before separately disclosed items.

CCFF – this is an HM Treasury and Bank of England lending facility.

CJRS – this is a claim for 80% of employees' wages plus any employer National Insurance and pension contributions for staff on furlough through the Government's Coronavirus Job Retention Scheme.

Drinks, food and accommodation like for like sales growth – this is measured on the same basis as "Managed Pubs and Hotels invested like for like sales growth".

EBITDA – this is the earnings before interest, tax, depreciation, profit on disposal of plant and equipment, and amortisation, adjusted for separately disclosed items.

LTIP – Long-Term Incentive Plan.

Managed Pubs and Hotels invested like for like sales growth – this is the sales growth calculated to exclude those pubs which have not been trading throughout the two years for the corresponding period in both years. The principal exclusions from this measure are: pubs purchased or sold in the last 12 months; sites which are closed; and pubs which are transferred to tenancy. The calculation excludes The Stable sites.

Market capitalisation – only the Company's 40p 'A' ordinary shares are listed. The Company calculates its market capitalisation as the total of all classes of ordinary shares; i.e. listed 40p 'A' ordinary shares, unlisted 4p 'B' ordinary shares and unlisted 40p 'C' ordinary shares plus all potentially awardable share options and LTIP awards less any shares held in treasury. For the purposes of the calculation of market capitalisation, a 4p 'B' ordinary share is treated as having 10% of the market value of a quoted 40p 'A' ordinary share and a 40p 'C' ordinary share is treated as having an equivalent value to a 40p 'A' ordinary share.

Net debt – this comprises cash, bank loans, other loans, debenture stock and preference shares.

Operating profit – this is profit before finance costs and tax and profit on disposal of properties.

SIP – Share Incentive Plan.

The disposal of the Fuller's Beer Business – the sale of the entire issued share capital of The Fuller's Beer Company (which was incorporated to acquire certain of the assets and liabilities of the Fuller's Beer Business).

The Fuller's Beer Business or the "Beer Business" – the entirety of Fuller's beer, cider and soft drinks brewing and production business, wine wholesaling business, as well as the distribution thereof, and also includes the Griffin Brewery, Cornish Orchards, The Dark Star Brewing Company and Nectar Imports Limited.

Total annual dividend – the total annual dividend for a financial year comprises interim dividends paid during the financial year and the final dividend proposed for approval by shareholders at the Annual General Meeting after the completion of the financial year.

TSA – Transitional Services Agreement with Asahi subsequent to sale of the Fuller's Beer Business.

Working capital – calculated as current assets (trade receivables and inventory) less current liabilities (trade and other payables).

Five Years' Progress

Group Income Statement	**2021 £m**	Restated 2020 £m	Restated 2019 £m	2018 £m	2017 £m
Revenue and other income	**73.4**	319.7	324.7	403.6	392.0
Operating profit before separately disclosed items	**(40.3)**	27.0	40.0	49.2	49.5
Finance costs before separately disclosed items	**(8.4)**	(7.6)	(6.9)	(6.0)	(6.6)
Adjusted profit before income tax	**(48.7)**	19.4	33.1	43.2	42.9
Exceptional items and discontinued operations	**(10.5)**	146.8	(8.4)	0.4	(3.0)
Profit before income tax	**(59.2)**	166.2	24.7	43.6	39.9
Taxation	**9.6**	(5.3)	(5.2)	(8.8)	(7.4)
Profit after income tax	**(49.6)**	160.9	19.5	34.8	32.5
Non-controlling interest	**–**	–	(0.2)	1.0	0.2
Loss/profit attributable to equity shareholders of the Parent Company	**(49.6)**	160.9	19.3	35.8	32.7
EBITDA[1]	**(13.1)**	53.9	59.5	70.9	70.5

1 Continuing operations only.

Assets employed					
Non-current assets	**702.5**	757.1	595.3	623.2	612.1
Inventories	**2.1**	4.0	5.0	13.5	14.0
Other current assets	**15.5**	18.6	8.4	22.9	21.6
Assets classified as held for sale	**9.6**	2.6	87.0	2.1	5.9
Cash and cash equivalents	**17.1**	20.3	11.0	11.7	15.3
	746.8	802.6	706.7	673.4	668.9
Current borrowings	**(207.7)**	(171.7)	(50.0)	(30.0)	(20.0)
Other current liabilities	**(39.4)**	(50.7)	(62.9)	(71.8)	(73.7)
	499.7	580.2	593.8	571.6	575.2
Non-current borrowings	**(27.5)**	(27.5)	(206.2)	(183.6)	(201.4)
Other non-current liabilities	**(92.7)**	(122.9)	(49.1)	(53.1)	(64.1)
Net assets	**379.5**	429.8	338.5	334.9	309.7

	2021	2020	2019	2018	2017
Per 40p 'A' ordinary share					
Adjusted earnings	**(73.00)p**	20.50p	62.78p	62.90p	61.39p
Basic earnings	**(89.84)p**	291.89p	35.12p	64.89p	59.21p
Dividends (interim and proposed final)[2]	**–**	132.80p	20.15p	19.55p	18.80p
Net assets	**£6.87**	£7.80	£6.16	£6.07	£5.61
Net debt (£ million)[3]	**(308.0)**	(291.8)	(245.2)	(201.9)	(206.1)
Gross capital expenditure (£ million)	**16.5**	84.5	58.6	40.6	55.8
Average number of employees	**4,219**	5,166	5,399	4,913	4,722

2 2020 includes 'D' share dividend.
3 Net debt from FY20 onwards includes amounts relating to leases under IFRS 16.

Notes

Notes

Continued

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Design and production
www.luminous.co.uk

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