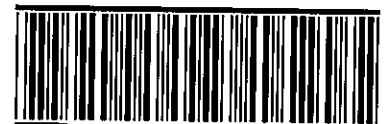


J D Wetherspoon plc

ANNUAL REPORT 1996



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COMPANIES HOUSE 07/11/96

Company Registered in England No. 1709784

Financial calendar

Annual General Meeting	4 November 1996
Final dividend for 1996	20 November 1996
Interim report for 1997	March 1997
Interim dividend for 1997	May 1997
Year end	31 July 1997
Preliminary announcement for 1997	September 1997
Report and accounts for 1997	September 1997

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J D Wetherspoon plc develops, owns and manages pubs, and aims to have them in strategic positions throughout the UK. They are excellently maintained, and the Company's priorities are to provide its customers with a clean, safe and attractive environment in which to enjoy good value fare of high quality served by friendly and well trained staff.

Highlights of the year

Turnover up 47% to £100.5m

36 new pubs opened

Capital investment of £49.8m

Creation of a further 1,385 jobs

Before accounting adjustments:

Profits before tax up 56% to £15.2m

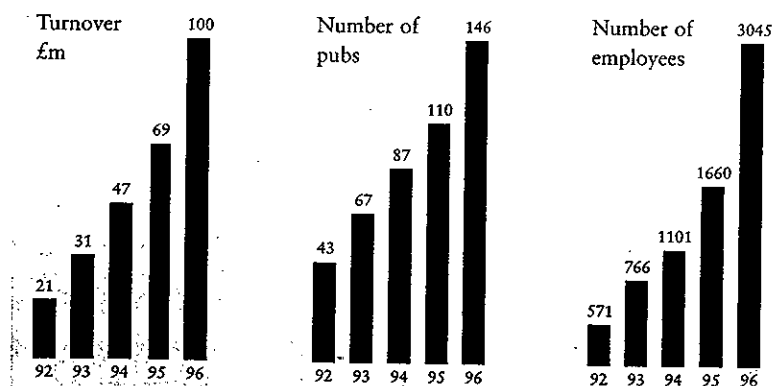
Earnings per share up 59% to 39.2p

Accounting adjustments:

Freehold pubs depreciated over 50 years

Leasehold pubs depreciated over life of lease

Additional depreciation of £2.1m





Chairman's statement

Results

I am pleased to report a year of strong progress for the Company. Turnover rose by 47% to £100.5 million. After the accounting adjustments announced at the time of our interim results, and assuming last year's results were recalculated on the new basis, profit before tax was up 61% to £13.1 million and earnings per share increased by 66% to 33.6p.

Had there been no accounting adjustments, profit before tax would have increased by 56% to £15.2 million and earnings per share would have increased by 59% to 39.2p.

Capital investment totalled £49.8 million and net gearing at the year end was 48%. Interest was covered 4.4 times by operating profits. Operating margins before depreciation, interest and tax were 22.6% compared to 21.3% in the previous year.



Dave and Jane Smith, managers of The Moon Under Water, Deansgate, Manchester, the Company's largest pub, opened August 1995.



John Randall and Wendy Gardner, managers of The Imperial, Exeter, pictured in the Orangery with their team.

The Company's cash flow, after capital investment of £3.1 million in existing pubs, and payments of tax, interest and dividends, improved 75% to £19.1 million, resulting in cash flow per share of 51.3p before investment in new pubs and financing changes.

Accounting adjustments

An adjustment to the Company's accounting treatment of properties was announced at the interim stage, effective from 1 August 1995. In previous years, in accordance with common practice in the pub, hotel and catering industry, freehold properties were not depreciated and leasehold properties were depreciated over the last 20 years of the lease. Following the adjustments, freehold properties are now depreciated over 50 years, leasehold properties over the lease life and renovations carried out periodically to existing pubs are depreciated over 6 years instead of 3 years. The net effect of these adjustments was to increase the depreciation charge by £2.1 million in the year. Following these adjustments annual depreciation per pub increased to approximately £44,500 compared to approximately £24,000 in the previous year. Had these policies applied in 1995 the reported profit before tax would have been reduced by £1.6 million in that year.

Dividends

The Board proposes, subject to shareholders' consent, to pay a final dividend of 5.9p net, bringing the total dividend for the year to 9.0p, a 13% increase on



*Steve Strange and Sarah Hemmingway,
managers of The Moon and Stars, Penge,
which opened in 1995.*

the dividend paid in 1995. At this level, the dividend will be covered 3.7 times, compared to 3.1 times in 1995. Shareholders will again be offered a scrip alternative to the dividend.

Share placing and loan agreement

As I indicated at the interim stage, the Company has now concluded new term loan facilities with the Bank of Scotland, the Royal Bank of Scotland and National Westminster, providing funding over and above our previous facilities of £48.5 million. Following this, and the placing of 1.8 million shares with institutional investors at £7.86 per share in March, which raised approximately £13.5 million net of expenses, the Company has cash and undrawn loan facilities totalling approximately £73 million. These funds, combined with our increasing organic cash flow, mean that we are in a strong position to finance future growth.

Further progress

We opened 36 pubs in the course of the year, compared with 23 in the previous year, bringing the total number of trading outlets to 146. The emphasis on nationwide expansion increased, with 33 pubs opening outside London compared with 11 in the previous year.

Our existing estate performed solidly, with like for like sales increasing by 3%. Since the Company increased selling prices by less than 1% in the year, this represents an underlying improvement in sales volumes. As anticipated in my statement last year, head office costs fell materially as a percentage of turnover, following our move to new offices in Watford in November 1994. As a result of our continuing expansion, it is anticipated that these costs will continue to decline as a percentage of turnover in the current year.

The Board

Ray Martin, a founder shareholder, who joined the Board as Retail Director in 1988, and who has been a non-executive Director since 1994, will retire from the Company when his current contract expires in November this year. I would like to thank Ray for his exceptionally valuable contribution and support since the business started 17 years ago.

It is our intention to seek the appointment of an additional non-executive Director in the course of this financial year.

I am pleased to announce the appointment to the Board of John Hutson, who joined the Company in 1991 as an Area Manager, and who has been Director of Operations for the last two years.



People

The excellent progress achieved in the last year is the result of a team effort from everyone working for and with Wetherspoons - both employees and suppliers.

In recognition of the importance of our staff, the Company has continued to offer shares to employees in all areas of our business at all levels. At the year end, 678 of our employees were members of the Executive Share Option Scheme and we are keen to widen this still further. It is the intention of the Board to seek the approval of shareholders for a new all employee share option scheme at the Annual General Meeting on 4 November.

Our programme of continuous improvement to all aspects of our business has a considerable momentum now, and with new sites and funding available, the Company has particularly strong prospects. At JD Wetherspoon a broad cross section of employees is involved in the decision making process, and in the implementation of new initiatives. In this context, I would like to thank all employees very much for their dedication and hard work. A special word of thanks is due to those who have made valuable suggestions for improvements in many areas, and those who have participated in the various improvement groups which reported throughout the year.

Prospects

Sales in August have continued the trend established last year, with like for like increases of 3%, in line with our budget expectations, and with promising initial performances from recently opened pubs.

Since the year end the Company has opened a further 4 pubs and we are currently on site at 11 more. Another 14 have the necessary planning and licensing consents for conversions into pubs, and we have agreed in principle terms for a total of 70 additional sites, approximately double the number agreed at the same stage last year.

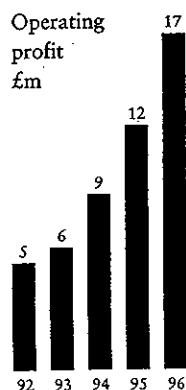
As a result of these factors, combined with our continuing review of costs and the improved incentives for staff, I remain confident of our future prospects.

Tim Martin
Chairman

4 September 1996



Managing Director's report



New pubs

The Company opened 36 new pubs in the period, 13 more than in the previous year. The customer areas of the new pubs averaged 4,100 square feet, approximately a third larger than the average of the rest of our estate, and initial trading levels were also substantially higher. We obtained 40 on-licences in the period for previously unlicensed sites including banks, shops and cinemas, compared with 30 in the previous year. We have now developed very successful pubs outside London in major cities such as Birmingham, Manchester, and Liverpool but also, significantly, in smaller towns such as Southport, Bromsgrove and Grantham. The 49 pubs trading outside London at the year end, of which 33 opened during the year, contributed approximately 31% of sales, and represent a consistently increasing proportion of our business.

Wide appeal

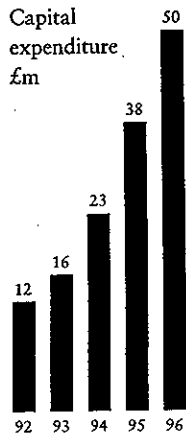
J D Wetherspoon has many successful pubs in secondary and tertiary shopping centres in suburban locations. We continue to open pubs in these positions, as well as in town centre sites, and believe that the attraction of our premises to a broad cross section of different customers gives the Company great potential for growth. The wide appeal of our pubs also gives us considerable choice of available property for future expansion.

Upgrading the Company

J D Wetherspoon has consistently upgraded its procedures, products and pubs as the Company has developed. As many shareholders will be aware, we were, for example, the first pub company to introduce substantial non-smoking areas in all our pubs. We also pioneered an 'all day' food menu from 11.00 am to 10.00 pm estate wide. Such innovations continued in the past year.

As well as upgrading the menu twice in the period, without increasing prices, we reviewed the range of ales available in our pubs, resulting in increased representation for 'micro' and regional breweries and the introduction of 'nitrokeg' beers in a large number of outlets.

In order to encourage improved service in our pubs, we have also introduced incentives for bar staff, including participation in the share option scheme and



a monthly bonus scheme relating to pub profits and operating standards. These incentives, allied to improved training programmes and promotional prospects, will increase the available management pool necessary for expansion.

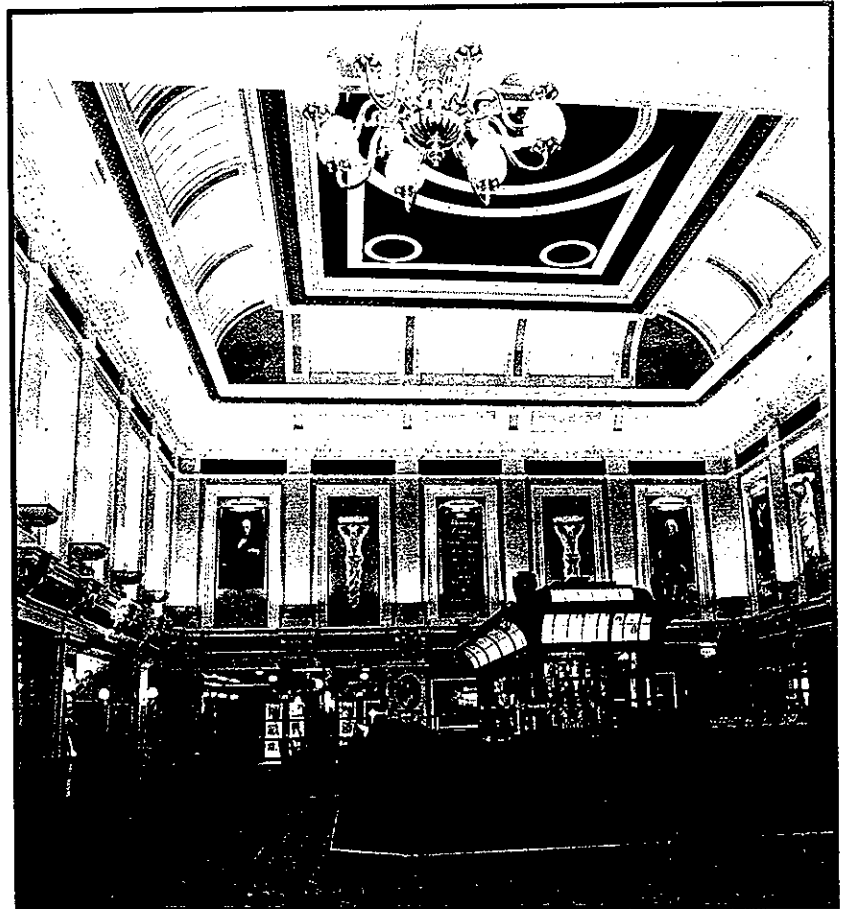
In conjunction with our pub managers, we are undertaking a fundamental review of the management structure within our pubs with the objective of reducing managers' working hours. This will, we believe, lead to greater efficiency.

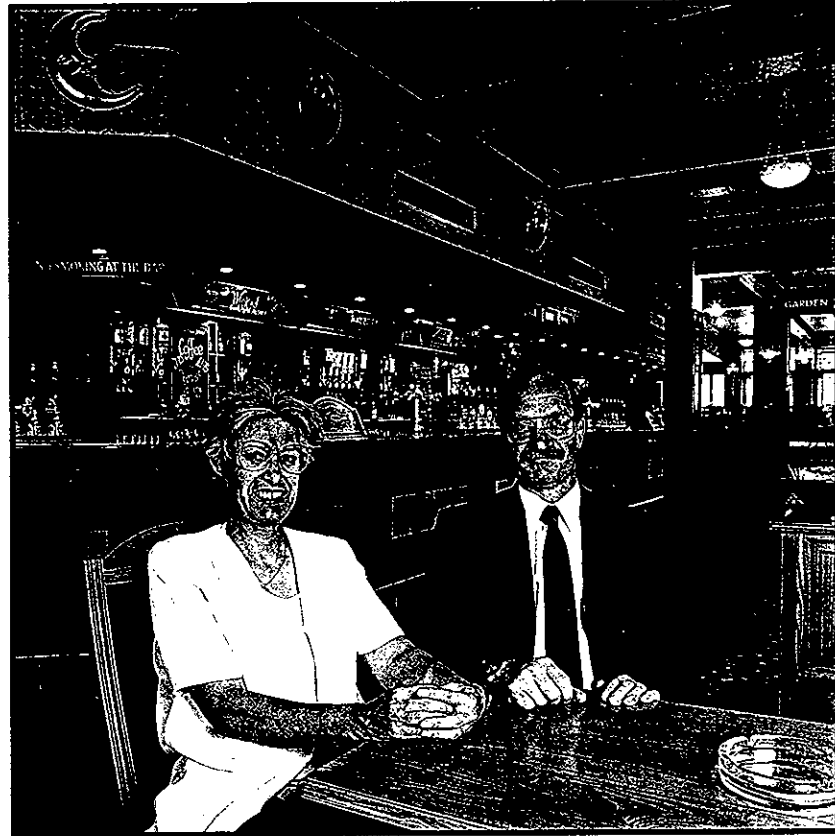
With the help of a dedicated team of staff and suppliers, we introduced an improved accounting and information system, representing an investment of approximately £0.5 million, which will greatly assist future expansion without the need for substantial numbers of extra head office staff.

Review of costs

A wide ranging analysis of costs took place in the period. New pub developments will, as a result, cost approximately 20% less per square foot

The Standing Order, Derby, converted from a bank and opened October 1995.





Tony Rudenko and Val Heaysman, managers of The Golden Cross, Bromsgrove, which opened December 1994.

than pubs developed two years ago, without affecting the quality of the developments. We also reviewed a large number of other operating costs leading, for example, to improved food and amusement machine gross profits and less expensive, but longer lasting, crockery and glassware.

On behalf of the Board, I would like to thank sincerely all Wetherspoon staff for their hard work. As a result of their dedication, enthusiasm and readiness to accept change, I remain confident of our future prospects.

Mark McQuater
Managing Director

4 September 1996



Directors, officers and advisers



Tim Martin
Chairman
Aged 41

A law graduate of Nottingham University, he was called to the bar in 1980.

He founded the business in 1979 and became Chairman in 1983.



Mark McQuater
Managing Director
Aged 36

Appointed 1994. An economics graduate from Edinburgh University, he qualified as a Chartered Accountant with Peat Marwick and has previously worked with Scottish and Newcastle Breweries plc and NatWest Markets.



Richard Pennycook
Finance Director
Aged 32

Appointed 1995. An economics and accounting graduate from Bristol University, he qualified as a Chartered Accountant with Arthur Andersen and has previously worked with Allders plc.



John Hutson
Operations Director
Aged 31

Appointed 1996, having joined the Company in 1991 as an area manager, he became Director of Operations in 1994. A politics graduate from Exeter University, he has previously worked with Allied Domecq plc.



Brian Jervis
Non-Executive
Aged 61

Appointed 1991.
Member of the Audit
Committee and Chairman
of the Remuneration
Committee.

Brian Jervis, a Chartered
Secretary, is a consultant
and a former Director of
John Govett & Co.
Limited.

Tony Lowrie
Non-Executive
Aged 54

Appointed 1987.
Chairman of the Audit
Committee and member
of the Remuneration
Committee.

Tony Lowrie is Chairman
of H G Asia Securities
Limited.

Ray Martin
Non-Executive
Aged 64

Joined the Board in 1988,
becoming non-executive
Director in 1994.

Prior to joining the
Company, Ray Martin
worked for Guinness plc,
latterly as Marketing
Director of Guinness
Malaysia.

Rosalyn Schofield
Company Secretary
Aged 39

A law graduate, she joined
the Company as a
solicitor in 1991 and was
appointed to her current
position in 1994.

Registered Office
Wetherspoon House
Central Park
Reeds Crescent
Watford WD1 1QH

Company Number
1709784

Registered Auditors
Coopers & Lybrand

Valuers
Business Mergers and
Acquisitions Limited

Christie & Co.



Directors, officers and advisers *continued*
Other Senior Executives



Jane Biss
Director of Human Resources
Aged 33

Joined 1989.
A member of the Institute of Personnel Development, she is responsible for personnel, training and recruitment.

Suzanne Baker
Director of Marketing
Aged 33

Joined 1992.
Responsible for buying, catering, marketing and promotions.

Mark Davies
Director of Retail
Aged 37

Joined 1991.
A graduate in management science, he is responsible for new openings, gaming machines and other operational matters.

Bankers

Bank of Scotland

The Royal Bank of Scotland plc

National Westminster Bank plc

Financial Advisers

Kleinwort Benson Limited

Stockbrokers

Kleinwort Benson Securities Limited

Registrars

Independent Registrars Group Ltd
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU



Public houses nationwide

HOUSES IN GREATER LONDON

The Bankers Draft

80 High Street, Eltham, London SE9

The Bankers Draft

36-38 Friern Barnet Road, Southgate, N11

The Barking Dog

61 Station Parade, Barking, Essex

The Beaten Docket

50-56 Cricklewood Broadway, London NW2

The Bee Hive

407-409 Brixton Road, London SW9

The Bird In Hand

35 Dartmouth Road, Forest Hill,
London SE23

The Blacking Bottle

122-126 High Street, Edgware, Middlesex

The Camdens Head

456 Bethnal Green Road, London E2

The Coliseum

Manor Park Road, Harlseden, London NW10

The Coronet

338-346 Holloway Road, London N7

The Crown & Sceptre

2a Streatham Hill, London SW2

The Dog

17-19 Archway Road, London N19

The Drum

557-559 Lea Bridge Road, London E10

The Elbow Room

503-505 High Road, Tottenham, London N17

The Elbow Room

22 Topsfield Parade, Tottenham Lane,
London N8

The Foxley Hatch

8-9 Russell Hill Road, Purley, Surrey

The Fox on the Hill

149 Denmark Hill, London SE5

The Gate House

1 North Hill, Highgate, London N6

The George

17-21 George Street, Croydon, Surrey

The George

High Street, Wanstead, London E11

The Golden Grove

146-148 The Grove, Stratford, London E15

The Good Yarn

132 High Street, Uxbridge, Middlesex

The Great Spoon of Ilford

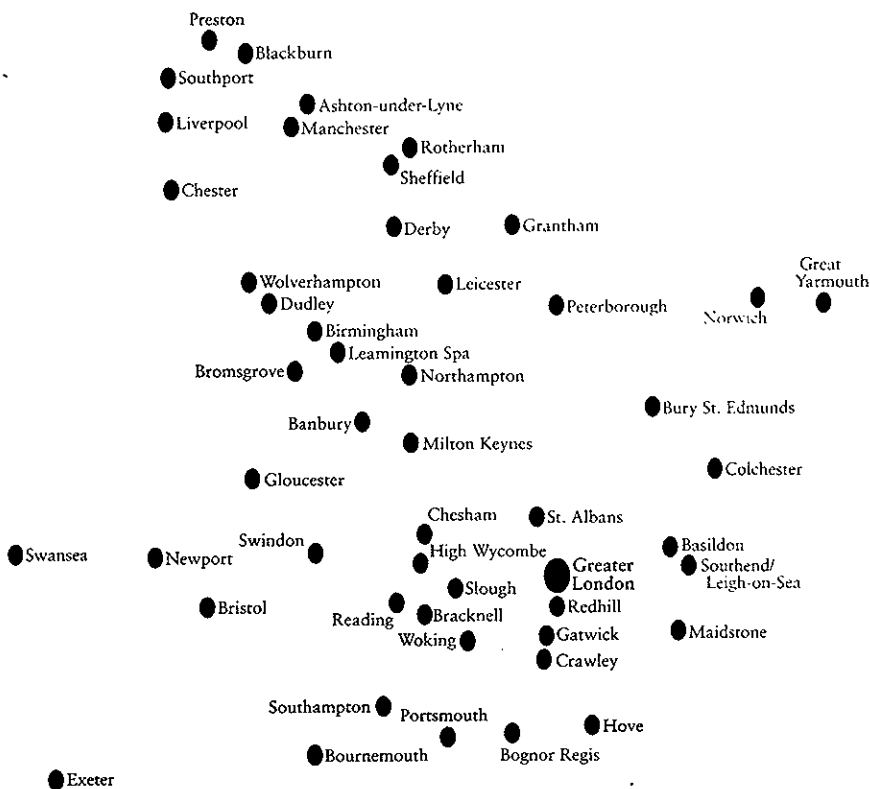
114-116 Cranbrook Road, Ilford, Essex

The Grid Inn

22 Replingham Road, Southfields,
London SW18

The Half Moon

749 Green Lanes, Winchmore Hill,
London N12





The Hamilton Hall

Liverpool Street Station, London EC2

The Hart & Spool

148 Shenley Road, Borehamwood, Herts

The Harvest Moon

141-143 High Street, Orpington, Kent

JJ Moons

56a High Street, Tooting, London SW17

JJ Moons

12 Victoria Road, Ruislip Manor, Middlesex

JJ Moons

397 High Road, Wembley, Middlesex

JJ Moons

553 Kingsbury Road, London NW9

JJ Moons

19-20 The Broadwalk, Pinner Road, North Harrow, Middlesex

JJ Moons

3 Shaftesbury Parade, Shaftesbury Circle, South Harrow, Middlesex

JJ Moons

Departure Lounge, Terminal 4, Heathrow Airport

JJ Moons

80-82 Chiswick High Road, London W4

JJ Moons

46-62 High Street, Hornchurch, Essex

The Lamb

52-54 Church Street, Edmonton, London N9

The Last Post

227 High Road, Loughton, Essex

The Lord Denman

270-272 Heathway, Dagenham, Essex

The Lord Moon of the Mall

16-18 Whitehall, London SW1

The Man in the Moon

40-42 Chalk Farm Road, London NW1

The Man in the Moon

1 Buckingham Parade, Stanmore, Middlesex

The Masque Haunt

Old Street, London, EC2

The Moon & Stars

99-103 South Street, Romford, Essex

The Millers Well

419-421 Barking Road, East Ham, London E6

The Moon on the Green

172-174 Uxbridge Road, Shepherds Bush, London W12

The Moon Under Water

194 Balham High Street, London SW12

The Moon Under Water

10-11 Broadway Parade, Coldharbour Lane, Hayes, Middlesex

The Moon Under Water

84-86 Staines Road, Hounslow, Middlesex

The Moon Under Water

148 High Street, Barnet, Herts

The Moon Under Water

53-57 London Road, Twickenham, Middlesex

The Moon Under Water

115-117 Chase Side, Enfield, Middlesex

The Moon Under Water

10 Varley Parade, Colindale, London NW9

The Moon Under Water

44 High Street, Watford, Herts

The Moon Under Water

28 Leicester Square, London, WC2

The Moon Under Water

1327 London Road, Norbury, London SW16

The Moon on the Hill

373-375 Station Road, Harrow, Middlesex

The Moon on the Hill

5-9 Hill Road, Sutton, Surrey

The Moon & Sixpence

250 Uxbridge Road, Hatch End, Middlesex

The Moon & Sixpence

1250-1256 Uxbridge Road, Hayes End, Middlesex

The Moon & Sixpence

185 Wardour Street, London W1

The Moon & Stars

164 High Street, Penge, London SE20

The Moon on the Square

30 The Centre, Feltham, Middlesex

The New Crown

80-84 Chaseside, Southgate, London N14

The New Fairlop Oak

Fencepiece Road, Barkingside, Essex

The New Moon

25-26 Kenton Park Parade, Kenton Road, Harrow, Middlesex

The New Moon

413 Lordship Lane, London N17

The Old Suffolk Punch

10-12 Grand Parade, Green Lanes, London N4

The Outside Inn

312-314 Neasden Lane, London NW10

The Paper Moon

55 High Street, Dartford, Kent

The Railway

202 Upper Richmond Road, Putney, London SW15

The Railway Bell

13 East Barnet Road, New Barnet, Herts

The Red Lion & Pineapple

281 High Street, Acton, London W3

The Regent

19 Church Street, Walton On Thames, Surrey

The Rochester Castle

145 High Street, Stoke Newington, London N16

The Sarsen Stone

32 High Street, Wealdstone, Middlesex

The Sovereign of the Seas

109-111 Queensway, Perths Wood, Kent

The Spotted Dog

72 Garratt Lane, Arndale Centre, Wandsworth, London SW18

The Sylvan Moon

27 Green Lane, Northwood, Hillingdon, Middlesex

The Tally Ho

749 High Road, North Finchley, London N12



The Tollgate

26-30 Turnpike Lane, London N8

The Three Horseshoes

28 Heath Street, Hampstead, London NW3

The Tigers Head

350 Bromley Road, Catford, London SE6

179 Upper Street

179 Upper Street, Islington, London N1

The Village Inn

402-408 Rayners Lane, Pinner, Middlesex

Wetherspoons

Victoria Station, London, SW1

Wetherspoons

Landside, Terminal 4, Heathrow Airport

Wetherspoons

33 Aberconway Road, Morden, Surrey

Wetherspoons

552-556 London Road, North Cheam, Surrey

The Whispering Moon

25 Ross Parade, Woodcote Road, Wallington, Surrey

The White Lion of Mortimer

1-3 York Parade, West Hendon Broadway, London NW9

The White Lion of Mortimer

125-127 Stroud Green Road, London N4

The White Lion of Mortimer

223 London Road, Mitcham, Surrey

The Whole Hog

430-434 Green Lanes, Palmers Green, London N13

The Wibbas Down Inn

6-12 Gladstone Road, Wimbledon, London SW19

The Wrong 'Un

234-236 The Broadway, Bexleyheath, Kent

ASHTON-UNDER-LYNE

The Ash Tree

Main Street Shopping Arcade, Wellington Road, Ashton-Under-Lyne

BANBURY

The Exchange

49-50 High Street, Banbury

BASILDON

The Moon on the Square

1-15 Market Square, Basildon, Essex

BIRMINGHAM

The Square Peg

115 Corporation Street, Temple Court, Birmingham

The Figure of Eight

Broad Street, Birmingham

BLACKBURN

The Postal Order

19 Darwen Street, Blackburn, Lancashire

BOGNOR REGIS

The Hatters Inn

2-10 Queensway, Bognor Regis, West Sussex

BOURNEMOUTH

The Moon in the Square

4-8 Exeter Road, Bournemouth, Dorset

BRACKNELL

The Old Manor

Grenville Place, Church Road, Bracknell, Berkshire

BRISTOL

The Berkeley

18-19 Queen's Road, Clifton, Bristol, Avon

The Commercial Rooms

43-45 Corn Street, Bristol, Avon

BROMSGROVE

The Golden Cross Hotel

20 High Street, Bromsgrove, Hereford and Worcester

BURY ST EDMUNDS

The Wolf

88-89 St John Street, Bury St Edmunds, Suffolk

CHESHAM

The Last Post

77 The Broadway, Chesham, Bucks

CHESTER

Wetherspoons

78-92 Foregate Street, Chester, Cheshire

COLCHESTER

The Playhouse

4 St. Johns Street, Colchester, Essex

CRAWLEY

The Jubilee Oak

6 Grand Parade, Crawley, West Sussex

DERBY

The Standing Order

28-32 Irongate, Derby, Derbyshire

DUDLEY

The Full Moon

58-60 High Street, Dudley, West Midlands

EXETER

The Imperial Hotel

New North Road, Exeter, Devon

GATWICK

The Red Lion

Departure Lounge, North Terminal, Gatwick Airport, West Sussex

GLOUCESTER

The Regal

Sr Aldate Street, Kings Square, Gloucester, Gloucestershire



GRANTHAM

The Tollemache Inn
17 St Peter's Hill, Grantham, Lincolnshire

GREAT YARMOUTH

The Troll Cart
7-9 Regent Road, Great Yarmouth, Norfolk

HIGH WYCOMBE

The Falcon
9 Cornmarket, High Wycombe, Bucks

HOVE

The Cliftonville Inn
98-101 George Street, Hove

LEAMINGTON SPA

The Benjamin Satchwell
112-114 The Parade, Leamington Spa, Warwickshire

LEIGH ON SEA

The Elms
London Road, Leigh-on-Sea, Essex

LEICESTER

The Last Plantagenet
107 Granby Street, Leicester, Leicestershire

LIVERPOOL

Wetherspoons
Units 1-3 Charlotte Row, Liverpool, Merseyside

MAIDSTONE

The Muggleton Inn
8-9 High Street, Maidstone, Kent

MANCHESTER

The Moon Under Water
68-74 Deansgate, Manchester

Wetherspoons
49 Piccadilly, Manchester

MILTON KEYNES

Wetherspoons
201 Midsummer Boulevard, Bouverie Square, Milton Keynes

NEWPORT

Wetherspoons
Units 10-12 Cambrian Centre, Newport

NORTHAMPTON

The Moon on the Square
6 The Parade, Market Place, Sheffield

NORWICH

The Bell
5 Orford Hill, Norwich, Norfolk

PETERBOROUGH

The College Arms
40 The Broadway, Peterborough

PORTSMOUTH

Wetherspoons
2 Guildhall Walk, Portsmouth

PRESTON

The Grey Friar
Unit A, 144 Friargate, Preston

READING

The Monk's Retreat
163 Friar Street, Reading, Berkshire

REDHILL

The Sun
17-21 London Road, Redhill, Surrey

ROTHERHAM

The Rhinoceros
35-37 Bridgegate, Rotherham, South Yorkshire

ST. ALBANS

The Cross Keys
2 Chequer Street, St. Albans, Hertfordshire

SHEFFIELD

The Bankers Draft
1-3 Market Place, Sheffield

SLOUGH

The Moon & Spoon
86 High Street, Slough, Berkshire

SOUTHAMPTON

The Standing Order
30 High Street, Southampton, Hampshire

SOUTHEND

The Last Post
Weston Road, Southend, Essex

SOUTHPORT

Wetherspoons
93-97 Lord Street, Southport, Merseyside

SWANSEA

The Potters Wheel
86 The Kingsway, Swansea

SWINDON

The Savoy
38-40 Regent Street, Swindon

WOKING

Wetherspoons
51-57 Chertsey Road, Woking, Surrey

WOLVERHAMPTON

The Moon Under Water
53-55 Lichfield Street, Wolverhampton, West Midlands



Directors' report

for the year ended 31 July 1996

The Directors present their report and the audited financial statements for the year ended 31 July 1996.

Principal activities and business review

The principal activities of the Company are the development and management of public houses. Details of progress are given on pages 2 to 8.

Results and dividends

The profit on ordinary activities for the year after taxation amounted to £12,541,000, an increase of 40% on the 1995 result of £8,958,000. The Directors recommend that a final dividend of 5.9 pence per share be paid in cash or by way of scrip dividend to all shareholders on the Register of Members on 24 September 1996, bringing the total dividend for the year to 9.0 pence per share compared with a 1995 total of 8.0 pence per share. The final dividend will be paid on 20 November 1996. Profit retained for the financial year amounted to £9,124,000 and will be transferred to reserves.

Directors

The Directors listed on pages 9 and 10 served throughout the financial year, with the exception of Mr Hutson, who was appointed subsequent to the year end. Mr Jervis will retire by rotation and Mr Hutson, having been appointed by the Directors since the last Annual General Meeting, will retire. Each will offer themselves for re-election. Mr Ray Martin also retires by rotation and, as set out in the Chairman's Statement, will not seek re-election. Details of the terms under which the Directors serve, their remuneration, and their interests in shares of the Company are given in the Report of the Remuneration Committee on page 22 and in note 4 to the financial statements.

No Director has any material interest in any contractual agreement subsisting during or at the end of the year which is or may be significant to the Company.

Insurance against the liabilities of Directors and Officers of the Company was in place throughout the year.

Company's shareholders

Details of the Company's shareholders, including those interests notified to the

Company as accounting for over 3% of the issued share capital, are given on page 40.

Directors' responsibilities

The Directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period.

In preparing the financial statements, the Directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made. They also confirm that applicable accounting standards have been followed and the financial statements have been prepared on the going concern basis. The Directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Company, and for taking reasonable steps to prevent and detect fraud and other irregularities.

Corporate governance

The Board supports the Code of Best Practice issued by the Cadbury Committee (the Code) and complied with it throughout the year, other than the fact that the Audit Committee currently comprises two non-executive Directors rather than the three recommended by the Code. Whilst the Directors believe that this was appropriate to the Company's size during the period, as announced in the Chairman's Statement, the Company will be seeking a third independent non-executive Director in the current year.

Our auditors have reported to the Company that in their opinion the Directors' comments on going concern below provide the disclosures required by paragraph 4.6 of the Code, and the Directors' comments on internal financial control below appropriately reflect the Company's compliance with paragraph 4.5 of the Code (both as supplemented by the related guidance). They have reported to the Company that in their opinion the statements in respect of both are not inconsistent with the information of which they are aware from their audit work on the financial statements and the above statement appropriately reflects the Company's compliance with the other paragraphs of the



Code specified by the London Stock Exchange for their review. They have not carried out the additional work necessary to, nor do they express any opinion on, the effectiveness of either the Company's system of internal financial control or its corporate governance procedures, nor the ability of the Company to continue in operational existence.

Going concern

In accordance with Section 4.6 of the Code, the Directors have made enquiries into the adequacy of the Company's financial resources, through a review of the Company's budget and medium term financial plan, which includes capital expenditure plans and cash flow forecasts, and have satisfied themselves that the Company will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's financial statements.

Internal financial control

The Directors are responsible for the Company's system of internal financial control, which is designed to provide reasonable but not absolute assurance against material misstatement or loss. The Company has an established framework of internal financial controls, including:

- a comprehensive budgeting process, with a detailed operating plan for twelve months and a mid-term financial plan having been approved by the Board. Business results are reported weekly for key items and monthly in full, and compared to budget. Forecasts are prepared regularly throughout the year, for review by the Board.
- clearly defined authority limits and controls are in place over cash handling, purchasing commitments and capital expenditures. An internal audit function monitors the control of cash and stock in operating units.
- complex treasury instruments are not used. Decisions on treasury matters are reserved for the Board.

As required by paragraph 4.5 of the Code, the Audit Committee has reviewed the effectiveness of these, and other, key financial controls in operation, and will continue to do so in the current year.

Changes in tangible fixed assets

Movements in tangible fixed assets are set out in note 14 to the financial statements.

Employment policies

Only through the skill and commitment of the Company's employees will its objectives be met. All staff are encouraged to make a real commitment to the Company's success, and to progress to more senior roles as they themselves develop.

A heavy emphasis is placed on training programmes for all levels of staff which highlights the importance placed by the Company on providing service to its customers.

The selection, training and promotion of staff have to take into account the physically demanding nature of much of the Company's work. In this context, all decisions are based on merit and without reference to gender, marital status, race, age or disability.

Internal communications seek to ensure that staff are well informed about the Company's progress, through the use of regular newsletters and briefings.

A broad range of staff are interested in the financial performance of the Company as a result of their membership of share option schemes.

Policy on payment of suppliers

The Company agrees terms and conditions with suppliers before business takes place, and has a policy of paying agreed invoices in accordance with the terms of payment.

Political and charitable contributions

Contributions made by the Company during the year for charitable purposes were £485 (1995:£557). No political contributions were made.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

CREST

CREST, the new 'paperless' settlement system for shares, became operational in July 1996. Shareholders will be able to hold their shares in



electronic form as a computer record rather than on paper. This is not a mandatory requirement. Any shareholder will have the choice of holding shares in either electronic or paper form. In accordance with the Uncertificated Securities Regulations 1995, the Company hereby gives you notice that it intends to pass a resolution of its Directors that title to the issued and unissued ordinary shares of 10p each in the capital of the Company may be transferred by means of a relevant system as defined by the above regulations. This resolution will take effect immediately prior to CRESTCo Limited granting permission for shares in the Company to be transferred by means of CREST, expected to be in the spring of 1997. Whilst the approval of the Company in general meeting is not required, shareholders have the right to render the resolution of the Directors inapplicable by means of an ordinary resolution. Further information about CREST can be found on page 40.

Special business at the Annual General Meeting
The attention of Shareholders is drawn to the Notice of Annual General Meeting set out on pages 41 to 43, which includes items of special business under the following Resolutions:

Resolution 6 - Increase in authorised share capital

This Resolution, if passed, would increase the authorised share capital of the Company by 7.3 per cent and if passed, will ensure that the Company's authorised share capital is adequate for the purposes of issuing shares under the Company's share option schemes, shares offered under the proposed scrip dividend scheme and other allotments permitted by the passing of Resolutions 7, 8, 9 and 10.

Resolution 7 - Directors' authority to allot securities

This resolution, if passed, will give the Directors authority under section 80 of the Companies Act 1985 to allot up to 5,337,747 Ordinary shares, assuming Resolution 6 has been passed, representing 13.8 per cent of the ordinary shares currently in issue, of which 2,002,138 (5.2 per cent of the ordinary shares currently in issue) are reserved for issue, on the foregoing assumption, under the Company's share option schemes.

The balance available for issue is therefore 3,335,609 ordinary shares, representing 8.6 per cent of the ordinary shares currently in issue. The Directors have no present intention of exercising this authority except in connection with the issue of shares under the Company's share option schemes or scrip dividend scheme. The authority will expire at the Annual General Meeting of the Company held to approve the Report and Accounts for the year ending 31 July 1997. The above figures are based on the shares in issue at 25 September 1996.

Resolution 8 - Disapplication of statutory pre-emption rights

At last year's Annual General Meeting, the Directors were given authority under section 95 of the Companies Act 1985 to allot equity securities for cash other than in accordance with the statutory pre-emption rights. The whole of this authority was used by the Directors in issuing 1,827,490 ordinary shares to US investors in March 1996. The Directors recommend that, by Resolution 8, a fresh authority should be given which will expire on the earlier of the date 15 months from the passing of the Resolution or the conclusion of the Annual General meeting held to approve the Report and Accounts for the year ending 31 July 1997. The exercise of the power is limited to rights issues or otherwise in respect of an aggregate nominal amount of £193,311 (5 per cent of the ordinary share capital in issue at 25 September 1996). The Directors have no present intention of exercising this authority.

Resolution 9 - Scrip dividend authority

The Directors would like to be able to offer ordinary shareholders (other than certain overseas shareholders) the right to elect to receive new ordinary shares as an alternative to cash in respect of all or any part of the dividend to be declared by the Company at the Annual General Meeting and also in respect of any other dividends as may be paid or declared by the Company or the Directors pursuant to the Company's Articles of Association on or at any time after the date of the forthcoming Annual General Meeting and prior to the date of the next annual general meeting of the Company in 1997 (the "scrip dividend alternative").

The Directors believe that the scrip dividend alternative is likely to be attractive to shareholders as it will enable them to increase



their shareholding in the Company in a simple manner without paying any dealing costs or stamp duty (on the basis of the law currently in force).

The advantage to the Company (and therefore to its shareholders in general) is that (to the extent shareholders elect for the scrip dividend alternative) cash that would otherwise be paid out in dividends will be retained within the business.

Furthermore, under current legislation, no advance corporation tax is payable where shares are issued in lieu of a cash dividend, and therefore the amount of advance corporation tax otherwise payable by the Company is reduced with consequent cashflow, timing and other benefits.

The Articles of Association of the Company require that the number of new ordinary shares to be made available by way of the scrip dividend alternative offered by the Directors be calculated by reference to the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) of the Company's existing ordinary shares on the business day on which the shares are first quoted "ex" the relevant dividend and the four subsequent business days. Full details of the scrip dividend alternative and new standing mandate are set out in the Circular to shareholders which accompanies the annual report.

In addition, the Directors will offer to Ordinary Shareholders (other than certain overseas shareholders) a standing mandate to receive new Ordinary shares as an alternative to cash in respect of any dividends for which a scrip dividend alternative is offered.

If Resolution 9 is approved by shareholders, the Directors will offer a scrip dividend alternative for the dividend to be declared by the Company at the Annual General Meeting and they will be entitled to offer a scrip dividend in respect of any other dividends as may be paid or declared by the Company or the Directors pursuant to the Company's Articles of Association on or at any time after the date of the forthcoming Annual General Meeting and prior to the date of the next annual general meeting of the Company in 1997.

THE FOLLOWING INFORMATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action which you should take, you should seek your own personal advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services Act 1986 immediately.

If you have sold or transferred all your ordinary shares you should forward this document and the accompanying form of proxy to the purchaser or transferee or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Resolution 10 - Adoption of the J D Wetherspoon plc All Employee Company Share Option Plan ("the CSOP")

The Directors would like to be able to grant share options to all employees of the Company on similar terms. The Directors believe that such a scheme would be in the interests of the Company and of the shareholders as it would help to focus employees on the longer term success of the Company and would allow them to become part owners in the Company and recommend shareholders vote in favour of this resolution.

If the resolution is passed, the Directors intend to grant options to all employees who have been employed by the Company for six months or more. Thereafter, options are expected to be granted to new employees on completion of six months service and annually to other employees. As the CSOP will be operated as an all-employee scheme it is not intended to require that the exercise of options be subject to performance conditions.

This scheme would run separately to the existing Executive Share Option Scheme.

SUMMARY OF THE PRINCIPAL PROVISIONS OF THE JD WETHERSPOON plc ALL EMPLOYEE COMPANY SHARE OPTION PLAN

General

The CSOP is a discretionary share option scheme which will be administered by the Board. Options will be granted by the Board on



a similar terms basis to all eligible employees who have completed a minimum period of service with the Company.

Eligibility

Executive directors and all other employees of the group are eligible to participate in the CSOP.

Grant of options

Options to acquire shares may initially be granted to eligible employees within 42 days of the CSOP being adopted by the Company in general meeting. Thereafter, further options may be granted by the Board, normally only within 42 days of the announcement of the Company's results for any period. Options may be granted to employees once they have first completed their minimum service period provided that no option is granted in a close period. No options may be granted more than ten years after the adoption of the CSOP.

Options granted under the CSOP are not transferable and may only be exercised by the persons to whom they were granted or their personal representative(s).

Acquisition price

Options, which will be granted by deed, will be exercisable within a period of ten years following grant and will entitle the holders to acquire shares at a price determined by the Board being not less than the greater of:

- (1) the middle market quotation for such shares as derived from the Official List for the dealing day (or, if so determined by the Board the average of such quotations for the three dealing days) immediately preceding the date of grant; and
- (2) for newly issued shares, their nominal value.

Individual participation

Normally each individual's participation will be limited so that the aggregate market value (as at their relevant dates of grants) of shares under all unexercised options granted to him/her under the CSOP or any other approved executive share option scheme adopted by the

Company or any associated company, in any ten year period, will not exceed £30,000.

Exercise of options

An option will normally be exercisable between three and ten years following its grant. The Board may set performance conditions which must be satisfied before an option can be exercised. However, as the CSOP is to be operated on an all-employee basis, the Board do not believe that it is appropriate to include any performance conditions.

Earlier exercise is permitted following cessation of employment in certain compassionate circumstances or at the discretion of the Board, and in the event of an amalgamation, takeover or winding-up of the Company.

Rights attaching to shares

All shares allotted under the CSOP will rank *pari passu* with all other ordinary shares of the Company for the time being in issue (save as regards any rights attaching to such shares by reference to a record date prior to the date of allotment) and the Company will procure that any new shares issued under the CSOP are admitted to the Official List.

Variation of capital

In the event of any rights or capitalisation issue, subdivision, consolidation, reduction or other increase or variation of share capital, the Board may make such adjustments as they consider appropriate to the number of shares subject to options and the price payable on the exercise of options. Any such adjustments must receive the prior approval of the Inland Revenue.

Alterations to the CSOP

The Board may alter the provisions of the CSOP in any respect provided that the prior approval of shareholders in general meeting is obtained for alterations or additions to the advantage of participants. In particular the prior approval of shareholders in general meeting will be required to amend any of the particular limitations on each individual's participation and on the number of shares that may be issued thereunder as indicated below. The requirement to obtain the prior approval of



shareholders will not, however, apply in relation to any alteration or addition which is minor in nature and made to benefit the administration of the CSOP, which is made to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Company, any of its subsidiaries or for participants.

Limits on the issue of shares

The CSOP is subject to the following overall limits on the number of shares which may be acquired by subscription:

(1) in any ten year period not more than 10% of the ordinary share capital of the Company may in aggregate be issued or issuable pursuant to rights acquired under the CSOP or any other employee share schemes adopted by the Company;

(2) in any five year period not more than 5% of the ordinary share capital of the Company may be issued or issuable pursuant to rights acquired under the CSOP or any other employees' share schemes adopted by the Company that are operated on an all employee basis.

For the purposes of these limits, options which lapse cease to count.

Resolution 11 - Amending the rules of the J D Wetherspoon plc Executive Share Option Scheme

The Company currently operates an Executive Share Option Scheme ("the Executive Scheme") which has been approved by the Inland Revenue. On Royal Assent to the Finance Bill 1996, the Executive Scheme automatically became subject to a new, overriding limit on the value of shares which any one participant may hold under option of £30,000. In order to retain the ability to grant options (albeit without income tax relief) up to the value of four times remuneration, the Directors recommend that an unapproved schedule to the Executive Scheme be established which they believe would be in the best interests of the shareholders. Options granted under the unapproved schedule would count towards the limits in the Executive Scheme.

This Resolution, if passed, would also allow options to replace those which have already been exercised if the Directors are satisfied that the grant of such options is justified by a sustained improvement in the performance of the Company in the previous two to three years. In accordance with investor guidelines, this resolution, if passed, would include an additional limit on the number of options that could be granted in the four years following the Meeting.

In order to ensure that the introduction of the CSOP does not adversely impact on the operation of the Executive Scheme, this resolution, if passed, would allow the Directors to amend the rules of the Executive Scheme to ensure that options granted under the CSOP did not count towards some of the limits on newly issued shares that are included in the rules of the Executive Scheme.

By order of the Board

Rosalyn Schofield
Company Secretary

4 September 1996



Report of the Remuneration Committee

for the year ending 31 July 1996

The Committee comprises two non-executive Directors, Brian Jervis as Chairman and Tony Lowrie, along with Tim Martin, the executive Chairman.

The main provisions of the Code of Best Practice of the Greenbury Committee have been incorporated in or annexed to the Listing Rules of the London Stock Exchange. The Company complies with the Best Practice provisions concerning remuneration committees given in Section A annexed to the Listing Rules, save for the fact that the executive Chairman is a member of the Committee. The Committee believes that it derives benefit from the Chairman's membership and that it conducts its affairs with this composition without detriment to the principles of the Best Practice provisions. The Committee confirms that in framing its remuneration policy for Directors, it has given full consideration to the Best Practice provisions contained in Section B annexed to the Listing Rules.

The remuneration and emoluments of executive Directors and senior executives of the Company are set by the Committee, although the executive Chairman plays no part in the setting of his own remuneration. The aim of the Company's remuneration policy is to provide the packages required to attract, retain and motivate Directors and senior executives of high quality. Salaries and other benefits are determined annually after a review of the performance of the individual, by reference to industry and other comparisons and consideration of reports from specialist consultants. It is the policy of the Company to operate bonus arrangements at all levels of staff that are performance related, the primary performance measure being profitability against budget targets. The Company makes contributions to personal pension schemes on behalf of certain of its executive Directors and senior executives. It does not operate a defined benefit pensions scheme.

The Company's policy on the granting of share options under its employee share schemes is to distribute them widely across the Company's pub managers, assistant managers and long serving bar staff as well as its head office staff. In this way, the Company seeks to encourage and motivate those key employees who have direct interface with the public.

The Company's non-executive Directors are appointed on an annual basis and do not participate in the Company's bonus and share option schemes. Their fees are determined by the executive Directors following consultation with professional advisers.

Details of the emoluments of individual Directors, and of the shareholdings of and options granted to Directors are given in note 4 to the financial statements.

It is proposed that the Company enter into a service contract with John Hutson in similar terms to the other executive directors, in particular the requirement for the Company to give one year's notice whilst the Director may give six months notice.

Brian Jervis
Non-executive Director

4 September 1996



Report of the auditors

to the members of J D Wetherspoon plc

We have audited the financial statements on pages 24 to 38.

Respective responsibilities of directors and auditors

As described on page 16 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 July 1996 and of its profit, total recognised gains and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

4 September 1996



Profit and loss account

for the year ended 31 July 1996

	Notes	Unadjusted 1996 £000	Adjustments (Note 2) £000	Adjusted 1996 £000	1995 £000
Turnover from continuing operations		100,480	0	100,480	68,536
Operating profit	3	19,098	(2,095)	17,003	12,232
Net interest payable	6	(3,898)	0	(3,898)	(2,519)
Profit on ordinary activities before taxation	7	15,200	(2,095)	13,105	9,713
Tax on profit on ordinary activities	8	(564)	0	(564)	(755)
Profit on ordinary activities after taxation		14,636	(2,095)	12,541	8,958
Dividends	9	(3,417)	0	(3,417)	(2,927)
Retained profit for the year		11,219	(2,095)	9,124	6,031
Earnings per Ordinary 10p share	10	39.2p	(5.6p)	33.6p	24.6p

Statement of total recognised gains and losses

	Notes	1996 £000	1995 £000
Profit for the financial year after taxation		12,541	8,958
Unrealised surplus on revaluation of properties	19	4,839	309
Total recognised gains relating to the year		17,380	9,267



Cash flow statement

for the year ended 31 July 1996

	Notes	1996 £000	£000	1995 £000	£000
Net cash inflow from operating activities	11	29,133	29,133	19,762	19,762
Returns on investments and servicing of finance					
Interest received		98		55	
Interest paid		(4,691)		(2,803)	
Dividends paid		(1,849)		(2,601)	
Net cash outflow from returns on investment and servicing of finance		(6,442)	(6,442)	(5,349)	(5,349)
Taxation					
Advance corporation tax paid		(470)	(470)	(655)	(655)
Investing activities					
Purchase of tangible fixed assets for existing pubs		(3,102)		(2,864)	
Proceeds of sale of tangible fixed assets		4		11	
		(3,098)	(3,098)	(2,853)	(2,853)
Net cash inflow available for new pub developments, before financing			19,123		10,905
Investment in new pubs and pub extensions		(45,436)		(34,756)	
Net cash outflow from investing activities		(48,534)		(37,609)	
Net cash outflow before financing		(26,313)		(23,851)	
Financing					
Issue of Ordinary shares		14,623		527	
Expenses relating to share issue		(922)		0	
Advances under secured bank loans		20,000		20,000	
Repayments of secured bank loans		(1,411)		(1,581)	
Net cash inflow from financing	12	32,290		18,946	
Increase/(decrease) in cash and cash equivalents	13	5,977		(4,905)	
Cash flow per Ordinary 10p share	10		51.3p		30.0p



Balance sheet

at 31 July 1996

	Notes	1996 £000	1995 £000
Fixed assets			
Tangible assets	14	182,123	133,196
Current assets			
Stocks		1,167	885
Debtors	15	1,544	1,630
Cash		14,801	8,824
		17,512	11,339
Creditors due within one year	16	(24,450)	(17,442)
Net current liabilities		(6,938)	(6,103)
Total assets less current liabilities		175,185	127,093
Creditors due after one year	17	(67,077)	(47,854)
		108,108	79,239
Capital and reserves			
Called up share capital	18	3,866	3,654
Share premium account	19	57,728	43,034
Revaluation reserve	19	20,350	15,511
Profit and loss account	19	26,164	17,040
Equity shareholders' funds	19	108,108	79,239

The financial statements on pages 24 to 38
were approved by the Board on 4 September 1996
and signed on its behalf by:

T R Martin
R J Pennycook
Directors



Notes to the financial statements

for the year ended 31 July 1996

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of freehold and leasehold property.

Turnover

The Company's operations comprise one class of business, which is pub retailing in the United Kingdom, and turnover excludes Value Added Tax.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation.

Depreciation is calculated so as to write off the value of a fixed asset on a straight line basis over its estimated useful life, taking into account expected residual values, using the following rates:

Freehold buildings	50 years
Leasehold land and buildings	Lower of life of lease or 50 years
Renovations of properties already trading, fixtures and fittings, computer equipment	At rates from 10%-33% pa

Depreciation on fixtures and fittings commences when the relevant public house begins trading.

Valuation of properties

Trading properties are revalued professionally by independent valuers on a rolling basis with a minimum of one third of the estate being valued every year and ensuring that no valuation is more than three years old. Any temporary difference thus arising is adjusted through the revaluation reserve. Where a diminution in value arising in the year is regarded as permanent, the provision is charged to the profit and loss account, to the extent that it does not relate to an existing revaluation surplus.

Interest and pre-opening costs

The majority of costs incurred in the preparation of properties for use in the business, including interest on borrowings, are capitalised. Capitalisation of such costs ceases when the relevant public house commences business.

Stocks

Stocks are held for resale and are stated at the lower of invoiced cost and net realisable value.

Deferred taxation

Deferred taxation is provided on accelerated capital allowances and other timing differences, only to the extent that it is probable that a liability will crystallise.

Pensions

The Company makes contributions to defined contribution personal pensions schemes, the costs of which are accounted for as they become due.

Operating leases

The costs of operating leases in respect of land and buildings and other assets are charged on a straight line basis over the lease term, except where on acquisition of a property a reverse premium, capital contribution or rent free period is granted by the lessor. Where such amounts arise, they are released to profit from the date on which the pub opened through to the date of first rent review to market value, usually on the fifth anniversary of the lease.

Interest rate swaps

Interest rate swaps are used to manage exposure to fluctuating interest rates. Income and expenditure arising from swap transactions is recognised over the term of the swap as if it were interest payable or receivable.



2 Accounting adjustments

The Directors decided that, with effect from 1 August 1995, all freehold buildings would be depreciated to residual value over a life of fifty years and leasehold buildings over the lease term (or fifty years if less). In prior periods, such properties were not depreciated. Additionally, it was decided that major renovations to trading properties would

henceforward be depreciated over six years, whereas previously they were depreciated over three years. UK generally accepted accounting principles do not allow the previous years' figures to be restated and hence the comparative figures have not been adjusted. Had they been, the depreciation charge in 1995 would have been £1.6 million greater than the figure shown in Note 7.

3 Analysis of continuing operations

	Unadjusted 1996 £000	Adjustments (Note 2) £000	Adjusted 1996 £000	1995 £000
Turnover	100,480	0	100,480	68,536
Cost of sales	(73,906)	(2,095)	(76,001)	(50,178)
Gross profit	26,574	(2,095)	24,479	18,358
Administrative expenses	(7,476)	0	(7,476)	(6,126)
Operating profit	19,098	(2,095)	17,003	12,232

Cost of sales includes distribution costs and all pub operating costs.

4 Directors' remuneration and share interests

The report of the Remuneration Committee is given on page 22.

The executive Directors are employed on rolling contracts requiring the Company to give one year's notice of termination, whilst the Director may give six months' notice, save for T R Martin who must give one year's notice. The non-executive Directors hold their positions pursuant to letters of appointment with terms which do not exceed twelve months.



4 Directors' remuneration and share interests *continued*

The following table sets out the emoluments of the Directors:

£000	Salary/Fees	Performance Bonus	Benefits in Kind	Pension Contributions	Total 1996	Total 1995
Executive Directors						
T R Martin	160	34	9	2	205	191
M R McQuater	120	24	17	12	173	142
R J Pennycook	95	19	11	9	134	43
Non-Executive Directors						
B R Jervis	15	-	-	-	15	13
A C Lowrie	15	-	-	-	15	13
R R Martin	17	-	-	-	17	17
Total	422	77	37	23	559	419
1995	328	40	36	15	-	-

Directors who left office in 1995 received emoluments in that year as follows:

£000	Total 1995
K Lunn	5
M C D Mc Lellan	53
J M Scott	97

The executive directors participate in a management bonus scheme designed to incentivise senior management in the achievement of financial and personal targets. The maximum bonus attainable represents 20% of year end salary.

The number of Directors who received emoluments, excluding pension contributions, in the following ranges was:

	1996	1995
£5,001 - £10,000	-	1
£10,001 - £15,000	2	2
£15,001 - £20,000	1	1
£40,001 - £45,000	-	1
£50,001 - £55,000	-	1
£90,001 - £95,000	-	1
£120,001 - £125,000	1	-
£130,001 - £135,000	-	1
£160,001 - £165,000	1	-
£185,001 - £190,000	-	1
£200,001 - £205,000	1	-

Where Directors have interests in the shares of the Company, they are as follows:

Ordinary shares of 10p each, held beneficially	1996	1995
T R Martin	6,519,170	6,467,175
M R McQuater	3,739	2,820
B R Jervis	6,328	6,250
A C Lowrie - personal	1,394,811	1,397,392
- in trust	667,258	724,242
R R Martin	186,084	185,314



4 Directors' remuneration and share interests *continued*

Directors' share options under the Executive Share Option Scheme, which is described in more detail in note 22, comprise:

	1995	Options Granted	1996	Exercise Price	Exercisable Date	Expiry Date
M R McQuater	68,750		68,750	392p	26/10/97	26/10/04
	12,500		12,500	462p	18/04/98	18/04/05
	-	8,750	8,750	636p	17/11/98	17/11/05
R J Pennycook	40,000		40,000	462p	18/04/98	18/04/05
	-	18,000	18,000	636p	17/11/98	17/11/05

Under the terms of his service agreement, and subject to the rules of the Executive Share Option Scheme, Mr McQuater is entitled to be granted options over 93,750 Ordinary shares between the date of his joining the Company and a date not more than 42 days after the announcement of the Company's interim results

for 1997. The exercise price will be established by reference to the average market value of the Ordinary shares for the three dealing days prior to the date on which the options are granted.

The interests of Directors have not changed since the financial year end.

5 Employee information

The average weekly number of persons employed during the year was as follows:

	1996 Number	1995 Number
Total employees		
Managerial/administration	632	518
Hourly paid staff	2,413	1,142
	<u>3,045</u>	<u>1,660</u>
	Fte	Fte
Full time equivalents		
Managerial/administration	632	518
Hourly paid staff	1,168	768
	<u>1,800</u>	<u>1,286</u>

Employment costs were:

	1996 £'000	1995 £'000
Wages and salaries	16,861	11,854
Social security costs	1,189	802
Other pension costs	142	48
	<u>18,192</u>	<u>12,704</u>
Total direct costs of employment		
Less: wages and salaries capitalised	(125)	(142)
	<u>18,067</u>	<u>12,562</u>



8 Taxation

Current tax	1996 £000	1995 £000
Corporation tax at 24.67% (1995:25%)	48	23
Irrecoverable advance corporation tax	516	732
	<u>564</u>	<u>755</u>

The charge to corporation tax on the profits of the Company for this year and the previous year is reduced by reference to the availability of unused capital allowances brought forward. The charge arising reflects income which cannot benefit from such allowances. As at 31 July 1996 the unused capital allowances available for carry forward against future trading profits were approximately £5.6 million (1995: £7.5 million) subject to approval of the Inland Revenue.

To date the Company has written off £2.5 million (1995: £2.0 million) advance corporation tax which will be available to offset against future mainstream corporation tax liabilities.

Deferred tax

On a full provision basis, the maximum potential liability to deferred tax would be £3.8 million (1995: £2.1million) representing accelerated capital allowances of £7.6 million (1995: £6.3 million) offset by unused capital allowances and surplus ACT of £3.8 million (1995: £4.2 million). No liability to deferred tax would arise in the ordinary course of the Company's business.

In the event that the Company were to sell any of its trading properties, the proceeds would be used to fund the continuing expansion programme, and would therefore attract rollover relief. Under current legislation no tax charge would arise in this event. As a result, any potential tax liabilities have not been quantified, as the Directors do not consider them to constitute timing differences.

9 Dividends	1996 £000	1995 £000
Interim paid of 3.1p per share (1995: 2.75p)	1,136	1,009
Final proposed of 5.9p per share (1995: 5.25p)	2,281	1,918
	<u>3,417</u>	<u>2,927</u>



10 Earnings and cash flow per share

The calculation of earnings per share on the net basis, after accounting adjustments, is based on profit on ordinary activities after taxation for the year of £12,541,000 (1995: £8,958,000) and on a weighted average of 37,296,401 (1995: 36,350,940) Ordinary shares in issue and ranking for dividend during the year. If all outstanding share options had been exercised during the year there would have been no material dilution in earnings per share. The calculation of earnings per share before accounting adjustments of 39.2p is based on pro-forma profits on ordinary activities after taxation of £14,636,000.

The calculation of cash flow per share is based on the net cash generated by business activities and available for investment in new pub developments and extensions to the trading area of existing pubs, after funding all interest, tax and dividend payments and all other reinvestment in pubs open at the start of the period. It is calculated before taking into account inflows and outflows of financing from outside sources, and is based on the same number of shares in issue as for the calculation of earnings per share.

11 Net cash inflow from operating activities	1996 £000	1995 £000
Operating profit	17,003	12,232
Depreciation of tangible fixed assets	5,689	2,397
Gain on sale of tangible fixed assets	(4)	(9)
Change in stocks	(282)	(281)
Change in debtors	94	(1,174)
Change in creditors	6,633	6,597
	29,133	19,762

12 Analysis of changes in financing during the year

	Share capital (including premium) £000	Loans £000	Total 1996 £000	Total 1995 £000
Balance at start of year	46,688	48,244	94,932	75,986
Cash inflows from financing during the year	13,701	18,589	32,290	18,946
Shares issued in lieu of dividend	1,205	-	1,205	-
Balance at end of year	61,594	66,833	128,427	94,932



13 Analysis of the balance of cash and cash equivalents as shown on the balance sheet

	1996 £000	1995 £000	Change in year £000
Cash at bank and in hand	14,801	8,824	5,977

14 Tangible fixed assets

	Freehold land and buildings £000	Short leasehold land and buildings £000	Equipment, fixtures and fittings £000	Expenditure on unopened properties £000	Total £000
Cost or valuation					
At 1 August 1995	50,065	56,659	19,646	12,370	138,740
Reclassification	9,070	1,341	-	(10,411)	-
Additions	18,325	13,254	8,862	9,336	49,777
Revaluations	3,917	922	-	-	4,839
Disposals	-	-	(9)	(68)	(77)
At 31 July 1996	<u>81,377</u>	<u>72,176</u>	<u>28,499</u>	<u>11,227</u>	<u>193,279</u>
Depreciation					
At 1 August 1995	-	591	4,885	68	5,544
Charge for the year	873	2,067	2,749	-	5,689
Disposals	-	-	(9)	(68)	(77)
At 31 July 1996	<u>873</u>	<u>2,658</u>	<u>7,625</u>	<u>-</u>	<u>11,156</u>
Net book value					
At 31 July 1996	<u>80,504</u>	<u>69,518</u>	<u>20,874</u>	<u>11,227</u>	<u>182,123</u>
At 31 July 1995	<u>50,065</u>	<u>56,068</u>	<u>14,761</u>	<u>12,302</u>	<u>133,196</u>

Included in unopened properties is capitalised interest of £620,000 (1995: £586,000).

Included in freehold land and buildings is a long leasehold with a net book value of £2,458,300 (1995: £nil).



Reclassifications represent the transfer of development costs incurred on properties completed in the year from unopened properties to other fixed asset captions, as appropriate.

Excluding the effects of revaluation, properties if stated at cost would be:

The Company's properties have been valued on the basis of open market value for existing use by either Christie & Co or Business Mergers and Acquisitions Limited, both of which firms are specialist licensed property valuers.

	Freehold land and buildings £000	Short leasehold land and buildings £000	Total £000
Cost	72,101	61,102	133,203
Depreciation	(793)	(2,350)	(3,143)
Net book value 31 July 1996	71,308	58,752	130,060
Net book value 31 July 1995	44,706	45,916	90,622

The valuations were performed during financial years as follows:

	Number of trading properties	Freehold land and buildings £000	Short leasehold land and buildings £000	Total £000
31 July 1994	12	7,080	2,695	9,775
31 July 1995	66	34,368	35,338	69,706
31 July 1996	45	20,678	24,470	45,148
At cost less depreciation	123	62,126	62,503	124,629
	23	18,378	7,015	25,393
Net book value	146	80,504	69,518	150,022

15 Debtors

	1996 £000	1995 £000
Amounts falling due within one year:		
Other debtors	123	118
Prepayments	1,421	1,512
	1,544	1,630



16 Creditors due within one year

	1996 £000	1995 £000
Bank loans (note 17)	1,406	1,411
Trade creditors	9,409	7,253
Corporation tax	23	22
Advance corporation tax	573	480
Other tax and social security	2,276	650
Other creditors	1,619	1,093
Dividend payable	2,281	1,918
Accruals and deferred income	6,863	4,615
	<u>24,450</u>	<u>17,442</u>

17 Creditors due after one year

	1996 £000	1995 £000
Bank loans repayable by instalments:		
between 1 and 2 years	3,205	1,266
between 2 and 5 years	12,576	8,265
after 5 years	49,646	37,302
Other creditors	1,650	1,021
	<u>67,077</u>	<u>47,854</u>

Bank loans were secured by fixed and floating charges over the Company's assets. There were loans amounting to £66,833,000 (1995: £48,244,000) repayable by monthly instalments expiring between the years 1996 and 2012. Loans carried rates of interest which varied from 8% to 11.95%. Loans totalling £36,833,000 (1995: £38,250,000) carried fixed rates of interest or had been matched with fixed rate five year swaps. The remaining loans carried a variable rate linked to Libor.

Subsequent to the year end, the Company entered into a new banking facility which resulted in all outstanding debt being repaid and new debt in the same amount redrawn. The terms of the new facility are substantially the same as for the loan agreements that it replaces, except that no repayments of principal are due until two years after the date of first drawing.



18 Called up share capital	1996 £000	1995 £000
Authorised:		
41,000,000 Ordinary shares of 10p each (1995: 40,000,000)	4,100	4,000
Allotted and fully paid:		
38,661,244 Ordinary shares of 10p each (1995: 36,540,721)	<u>3,866</u>	<u>3,654</u>

118,285 Ordinary shares were issued during the year on the exercise of share options, at an average price of £2.05 per share.

1,827,490 Ordinary shares with a nominal value of £182,749 were issued in March 1996 to US investors at a premium of £14,181,322, for use in the ongoing development of new pubs. The placing price was 786p being the closing market bid price on the 25 March 1996

on the London Stock Exchange. Expenses associated with the issue totalled £922,000, and have been charged to the share premium account.

174,748 Ordinary shares were allotted in connection with the offer to shareholders of a scrip dividend alternative to the 1995 final and 1996 interim dividends.

19 Capital, reserves and shareholders' funds

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	1996 Shareholders' funds £000	1995 Shareholders' funds £000
At start of year	3,654	43,034	15,511	17,040	79,239	72,372
Allotments	212	15,616	-	-	15,828	527
Issue expenses	-	(922)	-	-	(922)	0
Revaluation	-	-	4,839	-	4,839	309
Profit for the year	-	-	-	12,541	12,541	8,958
Dividends	-	-	-	(3,417)	(3,417)	(2,927)
At end of year	<u>3,866</u>	<u>57,728</u>	<u>20,350</u>	<u>26,164</u>	<u>108,108</u>	<u>79,239</u>

20 Financial commitments	1996 £000	1995 £000
Capital expenditure contracted but not provided for	<u>5,644</u>	<u>8,805</u>



21 Lease commitments 1996
£000 1995
£000

The Company operates a number of leasehold public houses, and occupies leasehold office accommodation. The total annual rental under these leases, all of which have more than 5 years to run, is as follows:

8,188 6,328

The annual rentals pertaining to other leases, primarily motor vehicles, are as follows:

Expiry within 1 year	70	18
Expiry between 1 and 2 years	203	30
Expiry between 2 and 5 years	165	128
	<u>438</u>	<u>176</u>

22 Share options

	31 July 1995	Granted	Exercised	Lapsed	31 July 1996	Exercise price per share	Exercisable from	Expiry date
Executive Share Option Scheme								
Date granted								
February 1991	8,748	-	(8,748)	-	-	68.6p	14/02/94	14/02/01
February 1992	25,804	-	(23,617)	-	2,187	114.3p	10/02/95	10/02/02
April 1993	145,787	-	(81,217)	(2,522)	62,048	247.8p	30/04/96	30/04/03
May 1993	9,011	-	-	-	9,011	256.4p	04/05/96	04/05/03
April 1994	130,500	-	(2,000)	(10,250)	118,250	347.0p	19/04/97	19/04/04
October 1994	214,250	-	(1,000)	(1,500)	211,750	392.0p	26/10/97	26/10/04
April 1995	158,075	-	-	(13,300)	144,775	462.0p	18/04/98	18/04/05
November 1995	-	299,950	-	(17,750)	282,200	636.0p	17/11/98	17/11/05
April 1996	-	94,800	-	(6,980)	87,820	880.0p	12/04/99	12/04/06
	<u>692,175</u>	<u>394,750</u>	<u>(116,582)</u>	<u>(52,302)</u>	<u>918,041</u>			
SAYE Scheme								
Date granted								
February 1993	106,796	-	(1,703)	(14,126)	90,967	175.7p	02/02/98	02/08/98
February 1993	12,913	-	-	-	12,913	175.7p	02/02/00	02/08/00
	<u>119,709</u>	<u>-</u>	<u>(1,703)</u>	<u>(14,126)</u>	<u>103,880</u>			

At 31 July 1996 there were 678 members of the Executive Share Option Scheme, with average option holdings of 1,354 shares. There were 39 members of the SAYE Scheme, with average holdings of 2,664 shares.

performance conditions. Options are only exercisable on condition that the earnings per share of the Company between the date of grant of an option and the date of exercise increases by at least the increase in the RPI.

The exercise of an option under the Executive Share Option Scheme will, normally, in accordance with institutional shareholder guidelines, be conditional on the achievement of

The options in issue shown above include those of the Directors shown in note 4 to the financial statements.



Financial Record

for the five years ended 31 July 1996

	1992	1993	1994	1995	1996
	£000	£000	£000	£000	£000
Sales and results					
Turnover from continuing operations	21,380	30,800	46,600	68,536	100,480
Operating profit from continuing operations	5,127	6,115	8,787	12,232	17,003
Disposal of properties	(1,094)	-	-	-	-
Interest receivable	17	299	86	56	106
Interest payable	(3,124)	(2,243)	(2,396)	(2,575)	(4,004)
Profit on ordinary activities before taxation	926	4,171	6,477	9,713	13,105
Taxation	(117)	(449)	(563)	(755)	(564)
Profit on ordinary activities after taxation	809	3,722	5,914	8,958	12,541
Dividends	(350)	(1,546)	(2,234)	(2,927)	(3,417)
Retained profit for the year	459	2,176	3,680	6,031	9,124
Recognised gains and losses					
Profit for the financial year after taxation	809	3,722	5,914	8,958	12,541
Unrealised surplus on revaluation of properties	668	2,606	2,235	309	4,839
	1,477	6,328	8,149	9,267	17,380
Net assets employed					
Fixed assets	53,094	71,736	96,547	133,196	182,123
Net current assets/(liabilities)	(4,872)	(4,799)	4,067	(6,103)	(6,938)
Non current liabilities	(27,910)	(22,825)	(28,242)	(47,854)	(67,077)
	20,312	44,112	72,372	79,239	108,108
Shareholders' funds	20,312	44,112	72,372	79,239	108,108
Ratios					
Operating margin	24.0%	19.9%	18.9%	17.8%	16.9%
Earnings per share	5.3p	14.1p	18.2p	24.6p	33.6p
Historical cost earnings per share	12.8p	14.1p	18.2p	24.6p	34.7p
Dividends per share	2.38p	5.40p	6.60p	8.00p	9.00p

Notes to the financial record

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

(b) The earnings per share and dividend per share figures have been adjusted as appropriate to account for:

- (i) the 20 for 1 capitalisation issue on 5 October 1992;
- (ii) the 1 for 4 rights issue on 31 March 1994;

(c) The figures have been adjusted to reflect the adoption of FRS 3. This involves:

- (i) the restatement of the disposal of properties in the year ended 31 July 1992;
- (ii) the appropriate adjustments to earnings per share to account for the above. Historical cost earnings per share calculated on the basis in operation before the introduction of FRS 3 are also shown.



Information for shareholders

Ordinary shareholdings at 31 July 1996

Shares of 10p each	Shareholdings		Total shares held	
	Number	%	Number	%
Up to 2,500	1,148	78.63	679,012	1.76
2,501 to 10,000	162	11.11	798,380	2.07
10,001 to 250,000	121	8.28	6,301,670	16.30
250,001 to 500,000	11	0.75	3,603,223	9.32
500,001 to 1,000,000	6	0.41	4,265,995	11.03
Over 1,000,000	12	0.82	23,012,964	59.52
	<u>1,460</u>	<u>100.00</u>	<u>38,661,244</u>	<u>100.00</u>

Substantial shareholdings

In addition to certain of the Directors' shareholdings set out on page 29 and 30 the Company has been notified of the following substantial holdings in the share capital of the Company at 8 September 1996:

	Number of Ordinary shares	Percentage of share capital %
Janus Capital Corporation	7,587,650	19.63
Putnam Companies	3,970,811	10.27
The Capital Group Companies	1,168,565	3.02

Share prices

	£
1 August 1995	5.37
Low	5.31
High	10.53
31 July 1996	8.65
28 August 1996	9.57

Annual reports

Further copies of this annual report are available from the Company Secretary, at the Registered Office. Telephone requests can be made on 01923 477777, extension 2096.

Copies can also be obtained through the Financial Times' annual reports service. For details see the London share service pages of the Financial Times.

CREST

CREST is the new computerised settlement system for shares developed by CRESTCo Limited. The system was introduced in July 1996 and the Company's shares will join CREST in the spring of 1997. A booklet about CREST is available, and copies can be requested from the Company's head office by telephone on 01923 477777 extension 2096.

Shareholders will not be forced to use CREST, although it is believed that transferring shares via the new system will be quicker and safer than traditional methods.



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 9.30am on Monday 4 November 1996 at Hamilton Hall, The Broadgate Centre, Liverpool Street Station, London EC2 N7P for the following purposes:

Ordinary business

1. To receive the report of the Directors and the audited accounts of the Company for the financial year ended 31 July 1996.
2. To declare a final dividend.
3. To re-elect Brian Jervis as a Director.
4. To re-elect John Hutson as a Director.
5. To re-appoint Coopers & Lybrand as auditors and to authorise the Directors to fix their remuneration.

Special business

To consider and, if thought fit, to pass the following Resolutions, in the case of Resolution Nos 6, 7, 9, 10 and 11 Ordinary Resolutions and in the case of Resolution No 8 as a Special Resolution.

6. THAT:

the authorised share capital of the Company be increased from £4,100,000 to £4,400,000 by the creation of an additional 3,000,000 ordinary shares of 10 pence each ranking *pari passu* in all respects with the existing ordinary shares in the Company.

7. THAT:

(A) the Directors be and they are hereby generally and unconditionally authorised for the purpose of Section 80 of the Companies Act 1985 to allot, to such persons and on such terms as they think proper, relevant securities (as defined in sub-section (2) of that section) up to a maximum nominal amount of £533,775 or if resolution 6 is not passed £233,775 during the period from the date of the passing of this Resolution until the conclusion of the Annual General Meeting of the Company held to approve the report and accounts of the Company for the financial year ending 31 July 1997 on which date such authority will expire unless previously varied, revoked or renewed by the Company in general meeting provided that the Directors shall be entitled under the authority hereby conferred to make at any time prior to the expiry of such authority any offer or agreement which would or might require such relevant securities as aforesaid to be

allotted after the expiry of such authority and the Directors may allot any relevant securities after the expiry of such authority pursuant to such offer or agreement notwithstanding the expiry of the authority given by this paragraph; and

(B) the authority to allot given to the Directors by Ordinary Resolution of the Company passed on 11 December 1995 be and is hereby revoked, provided that such revocation shall not have retrospective effect.

8. THAT:

subject to the passing of Resolution 7 above:

(A) the Directors be and they are hereby empowered until the expiry of the period ending 15 months from the date on which this Resolution is passed or the conclusion of the Annual General Meeting of the Company held to approve the report and accounts of the Company for the financial year of the Company ended 31 July 1997 (whichever is the earlier) to allot equity securities (as defined in Section 94(2) of the Companies Act 1985) of the Company under the authority conferred by Resolution 7 above, as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to such allotment and the Directors shall be entitled to make at any time prior to the expiry of the power hereby conferred any offer or agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired notwithstanding its expiry provided that this power shall be limited to:

(1) the allotment of equity securities in connection with any invitation made to holders of ordinary shares of 10 pence each from time to time to subscribe by way of rights, open offer or otherwise where the equity securities respectively attributable to the interests of all the holders of such ordinary shares are proportionate (as nearly as may be) to the respective number of ordinary shares held by them subject to any exceptions, exclusions or other arrangements which in the opinion of the Directors are necessary or expedient for the purpose of dealing with fractional entitlements or legal or practical problems otherwise arising under the laws of any territory or the requirements of any recognised regulatory body



or any other stock exchange or otherwise in any territory; and

(2) the allotment (other than pursuant to (1) above) of equity securities up to an aggregate nominal amount of £193,311.

(B) the authority conferred under Section 95 of the Companies Act 1985 by Special Resolution of the Company passed on 11 December 1995 be and is hereby revoked, provided that such revocation shall not have retrospective effect.

9. THAT:

subject to the passing of Resolutions 6 and 7 above the Directors be authorised to:-

(A) exercise the power contained in article 123 of the Articles of Association of the Company so that, to the extent and in the manner determined by the Directors, the ordinary shareholders be permitted to elect to receive an allotment of ordinary shares in the Company, credited as fully paid, instead of cash in respect of all or any part of such dividend or dividends as may be declared at this meeting or as may be paid or declared by the Company or the Directors pursuant to the Company's Articles of Association on or at any time after the date of this meeting and prior to the date of the next annual general meeting; and

(B) capitalise a sum equal to the aggregate nominal amount of the ordinary shares falling to be allotted pursuant to elections so made out of any amount standing to the credit of the Company's reserves (including any share premium account or capital redemption reserve) or out of any of the profits which could otherwise have been applied in paying dividends in cash. The Directors may determine and apply that sum in paying up in full the appropriate number of unissued ordinary shares and to allot such ordinary shares to the members of the Company making such elections in accordance with their respective entitlements.

10. THAT:

the JD Wetherspoon plc All Employee Company Share Option Plan ("the CSOP"), the main provisions of which are summarised on pages 19, 20 and 21 and a copy of the rules of which is produced to the Meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and the Directors be and they are hereby authorised to do all acts

and things as may be necessary or desirable to carry the same into effect.

11. THAT:

the Directors be and they are hereby authorised to amend the Rules of the JD Wetherspoon plc Executive Share Option Scheme to:

a. allow options to be granted under an unapproved schedule to the Scheme;

b. allow options to be granted to replace those which have already been exercised if the Directors are satisfied that the grant of such options is justified by a sustained improvement in the performance of the Company in the previous two to three years;

c. introduce a limit on the number of options to subscribe which may be granted of 2.5% of the issued ordinary share capital in the period of four years from the date of this resolution; and

d. ensure that, with the exception of the overall limit of 'ten per cent in ten years', options granted under the CSOP do not count towards the limits on the number of Shares which may be acquired by subscription under the Scheme.

By order of the Board
R. S. Schofield
Company Secretary

11 October 1996

Registered office:

Wetherspoon House
Central Park
Reeds Crescent, Watford
Herts WD1 1QH

Registered No: 1709784

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and (on a poll) vote on his behalf. A proxy need not be a member of the Company.



2. To be valid for the Meeting, the instrument appointing a proxy and the authority (if any) under which it is signed or a notarially certified copy of such authority must be deposited at the office of the Company's Registrars not less than 48 hours before the time of the Meeting.

Depositing a form of proxy will not preclude a member from attending the meeting and voting in person.

3. Copies of the following documents will be available for inspection at the registered office of the Company between 9.30 am and 4.30 pm on any week day (except Saturdays and public holidays) until the date of the Meeting and at the place of the Meeting for a period of 15 minutes prior to the Meeting and at the Meeting:

(a) service contracts between the Company and each of T R Martin, M R McQuater, R J Pennycook and J Hutson.

(b) the register of Directors' interests in the shares of the Company kept in accordance with section 325 of the Companies Act 1985. Save for such service contracts no Director has a service contract with the Company.

4. Copies of the Rules of the CSOP and the Executive Scheme, marked up with the proposed amendments, will be available for inspection at the Registered Office of the Company and at the offices of Arthur Andersen, 1 Surrey Street, London, WC2R 2PS on any weekday (Saturdays and Bank Holidays excepted) during normal business hours until the date of the Meeting and at the Meeting from 15 minutes prior to, and until the close of, the Meeting.

