J D Wetherspoon plc

ANNUAL REPORT AND FINANCIAL STATEMENTS 2014

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

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

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FINANCIAL HIGHLIGHTS

Before exceptional items

Revenue £1,409.3m
(2013: £1,280.9m)
+10.0%

Like-for-like sales
+5.5%

Operating profit £115.6m
(2013: £111.3m)
+3.8%

Profit before tax and exceptional items* £79.4m
(2013: £76.9m)
+3.1%

Earnings per share (including shares held in trust) 47.0p
(2013: 44.8p)
+4.9%

Free cash flow £92.9m
(2013: £65.3m)
+42.1%

Free cash flow per share 74.1p
(2013: 51.8p)
+43.1%

Full year dividend 12.0p
(2013: 12.0p)
Maintained

After exceptional items

Operating profit £115.6m
(2013: £91.5m)
+26.3%

Profit before tax £78.4m
(2013: £57.1m)
+37.1%

Earnings per share (including shares held in trust) 32.8p
(2013: 36.6p)
–10.4%

*Exceptional items as disclosed in account note 3.

CHAIRMAN'S STATEMENT

Background

As in recent years, we have tried to make our report and accounts more readable by dividing them into two sections. Section 1 contains the main financial statements, while section 2 contains mainly corporate governance reports. We have also tried to reduce jargon and repetition, wherever possible, although this is a major task, especially in respect of corporate governance reports and any area which concerns accounting.

A raft of new legislation has further cluttered our report and accounts this year. As a result, we have added a new 'strategic report', most of which is a statement of the obvious. Boards which frequently refer to their strategies do less well, I believe, than those which try to avoid the word and concentrate instead on the nuts and bolts. A board strategy usually ends up as a type of Maginot Line (for example, a strategy by retailers to expand overseas), whereas a flexible response to 'events' is more helpful in creating success.

We have also been required to add several pages to our directors' remuneration report, which is now about twice as long as the original American Constitution. Churchill's exhortation to officials to 'pray let me know on one sheet of paper' would be appreciated by most investors in this context.

Britain's most senior judge, Lord Neuberger, has recently referred to the 'ever-increasing quantity and often poor quality of legislation over the past thirty years'.

He added that 'regulation is necessary and important, but it must be kept to a minimum'. He further said that 'where regulation fails, a standard response is that we need more of it, whereas the correct response is that we need different regulation, not more regulation'.

The combined effect of legislation and regulations has been to make company annual reports almost incomprehensible in some cases, as a result of excessive length, the use of business jargon, complex remuneration and other reports and many words and phrases which are neither explained nor defined. Issues relating to corporate governance are discussed further below.

Financial performance

I am pleased to report a year of further progress for the company, with record sales, profit and earnings per share before exceptional items. The company was founded in 1979 – and this is the 31st year since incorporation in 1983. The table below outlines some key aspects of our performance during that period. Since our flotation in 1992, earnings per share before exceptional items have grown by an average of 15.8% per annum and free cash flow per share by an average of 17.5%.

Summary accounts for the years ended July 1984 to 2014

Financial year	Total sales £000	Profit before tax and exceptional items £000	Earnings per share before exceptional items pence	Free cash flow £000	Free cash flow per share pence
1984	818	(7)	0.0		
1985	1,890	185	0.2		
1986	2,197	219	0.2		
1987	3,357	382	0.3		
1988	3,709	248	0.3		
1989	5,584	789	0.6	915	0.4
1990	7,047	603	0.4	732	0.4
1991	13,192	1,098	0.8	1,236	0.6
1992	21,380	2,020	1.9	3,563	2.1
1993	30,800	4,171	3.3	5,079	3.9
1994	46,600	6,477	3.6	5,837	3.6
1995	68,536	9,713	4.9	13,495	7.4
1996	100,480	15,200	7.8	20,968	11.2
1997	139,444	17,566	8.7	28,027	14.4
1998	188,515	20,165	9.9	28,448	14.5
1999	269,699	26,214	12.9	40,088	20.3
2000	369,628	36,052	11.8	49,296	24.2
2001	483,968	44,317	14.2	61,197	29.1
2002	601,295	53,568	16.6	71,370	33.5
2003	730,913	56,139	17.0	83,097	38.8
2004	787,126	54,074	17.7	73,477	36.7
2005	809,861	47,177	16.9	68,774	37.1
2006	847,516	58,388	24.1	69,712	42.1
2007	888,473	62,024	28.1	52,379	35.6
2008	907,500	58,228	27.6	71,411	50.6
2009	955,119	66,155	32.6	99,494	71.7
2010	996,327	71,015	36.0	71,344	52.9
2011	1,072,014	66,781	34.1	78,818	57.7
2012	1,197,129	72,363	39.8	91,542	70.4
2013	1,280,929	76,943	44.8	65,349	51.8
2014	1,409,333	79,362	47.0	92,850	74.1

Notes

Adjustments to statutory numbers

1. Where appropriate, the earnings per share (EPS), as disclosed in the statutory accounts, has been recalculated to take account of share splits, the issue of new shares and capitalisation issues.
2. Free cash flow per share excludes dividends paid which were included in the free cash flow calculations in the annual report and accounts for the years 1995–2000.
3. The weighted average number of shares, EPS and free cash flow per share include those shares held in trust for employee share schemes.
4. Before 2005, the accounts were prepared under UKGAAP. All accounts from 2005 to date have been prepared under IFRS.

Like-for-like sales increased by 5.5%, with total sales of £1,409.3 million, an increase of 10.0% (2013: 7.0%). Like-for-like bar sales increased by 2.7% (2013: 3.8%), food sales by 12.0% (2013: 10.9%) and slot/fruit machine sales decreased by 3.1% (2013: increased by 0.4%).

Operating profit before exceptional items increased by 3.8% to £115.6 million (2013: £111.3 million) and, after exceptional items, increased by 26.3% to £115.6 million (2013: £91.5 million). The operating margin, before exceptional items, decreased to 8.2% (2013: 8.7%), mainly as a result of increases in staff costs and repairs. The operating margin after exceptional items was 8.2% (2013: 7.1%).

Profit before tax and exceptional items increased by 3.1% to £79.4 million (2013: £76.9 million) and, after exceptional items, increased by 37.1% to £78.4 million (2013: £57.1 million). Earnings per share (including shares held in trust by the employee share scheme), before exceptional items, increased by 4.9% to 47.0p (2013: 44.8p). Earnings per share (including shares held in trust by the employee share scheme), after exceptional items, decreased by 10.4% to 32.8p (2013: 36.6p), owing to a deferred tax credit in the previous year.

Net interest was covered 3.2 times by operating profit before exceptional items (2013: 3.2 times) and 3.1 times by operating profit after exceptional items (2013: 2.7 times). Total capital investment was £177.5 million in the period (2013: £101.8 million), with £97.7 million on new pub openings (2013: £53.2 million), £56.2 million on existing pubs and IT infrastructure (2013: £40.9 million) and £23.6 million on freehold reversions, where Wetherspoon was already a tenant, and investment properties (2013: £7.7 million).

Exceptional items totalled £17.7 million (2013: £19.0 million). An exceptional item of £1.0 million relates to the interest repayment to HMRC, following the unsuccessful outcome of the 'Rank' gaming duties case. In addition, an agreement was reached with HMRC in respect of a long-outstanding dispute over the treatment of capital allowances. As a result of this agreement, tax computations have been resubmitted and have resulted in a claim for a tax refund of £4.4 million and a deferred tax liability of £21.1 million. This has resulted in an exceptional tax charge of £16.7 million.

Free cash flow, after capital investment of £56.2 million on existing pubs (2013: £40.9 million), £7.3 million in respect of share purchases for employees (2013: £8.8 million) and payments of tax and interest, increased by £27.6 million to £92.9 million (2013: £65.3 million), partly owing to a working capital inflow of £29.9 million in the year under review, compared with an outflow of £6.0 million in the previous year. Free cash flow per share was 74.1p (2013: 51.8p).

Property

The company opened 46 pubs during the year, with 5 pubs sold or closed, resulting in a total estate of 927 pubs at the financial year end. The average development cost for a new pub (excluding the cost of freeholds) was £1.64 million, compared with £1.55 million a year ago, as we continue to increase expenditure on kitchens, customer areas and beer gardens. The full-year depreciation charge was £58.1 million (2013: £53.1 million). We currently intend to open around 30–40 pubs in the year ending July 2015.

Property litigation

As reported at the interim results in March 2013, Wetherspoon agreed on an out-of-court settlement with developer Anthony Lyons, formerly of property leisure agent Davis Coffer Lyons, and has received approximately £1.25 million from Mr Lyons.

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

The claim related to properties in Portsmouth, Leytonstone and Newbury. The Portsmouth property was involved in the 2008/9 Van de Berg case itself. In that case, Mr Justice Peter Smith found that Van de Berg, but not Mr Lyons (who was not a party to the case), fraudulently diverted the freehold from Wetherspoon to Moorstown Properties Limited, a company owned by Simon Conway. Moorstown leased the premises to Wetherspoon. Wetherspoon is still a leaseholder of this property – a pub called The Isambard Kingdom Brunel.

The properties in Leytonstone and Newbury (the other properties in the case against Mr Lyons) were not pleaded in the 2008/9 Van de Berg case. Leytonstone was leased to Wetherspoon and trades today as The Walnut Tree public house. Newbury was leased to Pelican plc and became Café Rouge.

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

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

Further shareholder information about these cases is available in a short article which I wrote for the trade publication Propel (reproduced below on page 9).

Corporation tax

The overall tax charge (including deferred tax) on pre-exceptional items is 25.8% (2013: 26.6%). The UK standard average tax rate for the period was 22.3% (2013: 23.7%). The difference between the rate of 25.8% and the standard average rate of UK corporation tax of 22.3% is 3.5% (2013: 2.9%) which is due primarily to the level of non-qualifying depreciation (depreciation which does not qualify for tax relief).

The pre-exceptional current tax rate, which excludes deferred tax, has fallen by 3.7% to 21.4% (2013: 25.1%), owing mainly to the UK corporation tax rate falling from 23.7% to 22.3% and greater capital allowances.

Financing

As at 27 July 2014, the company's total net debt, including bank borrowings and finance leases, but excluding derivatives, was £556.6 million (2013: £474.2 million), an increase of £82.4 million. Factors which have led to the increase in debt are 46 new pub openings costing £97.7 million, investment in existing pubs of £56.2 million, the acquisition of freehold reversions and investment properties of £23.6 million, the repurchase of shares of £24.6 million, a repayment of £16.7 million to HMRC in respect of a gaming machine legal judgement and dividend payments of £14.9 million. Year-end net-debt-to-EBITDA was 3.21 times (2013: 2.88 times).

As at 27 July 2014, the company had £138.1 million (2013: £111.0 million) of unutilised banking facilities and cash balances, with total facilities of £690.0 million (2013: £575.0 million). The company's existing interest-rate swap arrangements remain in place.

Dividends and return of capital

The board proposes, subject to shareholders' approval, to pay a final dividend of 8.0p per share (2013: 8.0p per share), on 27 November 2014, to those shareholders on the register on 24 October 2014, giving a total dividend for the year of 12.0p per share (2013: 12.0p per share). The dividend is covered 2.8 times (2013: 3.2 times). In view of high levels of capital expenditure in recent years and the potential for advantageous investments in the future, the board has decided to maintain the dividend at its current level for the time being.

During the year, 3,068,088 shares (representing 2.4% of the issued share capital) were purchased by the company for cancellation, at a total cost of £24.6 million, including stamp duty, representing an average cost per share of 800p.

Further progress

As in previous years, the company has tried to improve as many areas of the business as possible. For example, our food hygiene ratings are at record levels. We have 824 pubs rated on the Food Standards Agency's website. The average score is 4.91 stars, with 92% of the pubs achieving a top rating of five stars and 7% receiving four stars. This is the highest average rating for any pub or restaurant company. In the separate Scottish scheme, which records either a 'pass' or 'fail', all of our 65 pubs have passed.

In the 2015 Good Beer Guide, a CAMRA publication, 317 of our pubs have been recommended, more than any other pub company. In addition, over 900 of our pubs are Cask Marque approved – Cask Marque is a pub-industry scheme, run in conjunction with several brewers, which checks and approves the quality of real ale in pubs. We continue to source our traditional ales from a large number of microbreweries of varying sizes and believe that we are the biggest purchaser of microbrewery beer in the UK.

We continue to run the world's biggest real-ale festival twice per annum and have added a cider festival in recent times, featuring a wide variety of suppliers from the UK, Europe and elsewhere in the world.

We continue to work with our suppliers on both a quality and marketing basis. For example, 97% of our pubs have achieved 'Master Brewer Accreditation' from Guinness; we are still the world's number-one seller of Pimm's, having sold more Pimm's in one day on 16 August 2014 than any other company has ever done.

We paid £29.2 million in respect of bonuses and free shares to employees in the year, slightly more than the previous year, of which 96% was paid to staff below board level and 82% was paid to staff working in our pubs.

As in previous years, we continue to concentrate on areas such as training, where we have won numerous awards and endorsements over the years. We also continue to invest in our pubs and have upgraded, and continue to upgrade, many of our kitchens and back-of-house facilities. For example, we plan to spend £16.0 million in the next four years, creating and improving staff rooms.

In the field of charity, thanks to the work of our dedicated pub and head-office teams, we continue to raise record amounts of money for CLIC Sargent, which supports young cancer patients and their families. In the last year, we raised approximately £1.7 million, bringing the total raised to over £9.2 million – more than any other corporate partner has raised for this charity.

General tax matters
We continue to believe that pubs are taxed excessively and that the government would create more jobs and receive higher levels of overall revenue, if it were to create tax equality among supermarkets, pubs and restaurants. Supermarkets pay virtually no VAT in respect of food sales, whereas pubs pay 20% – and this disparity enables supermarkets to subsidise their alcoholic drinks sales to the detriment of pubs and, indeed, restaurants. This serious economic disadvantage has contributed to the closure of many thousands of pubs, and the pub industry has lost approximately 50% of its beer sales to supermarkets since VAT was increased from 8% over 30 years ago.

Wetherspoon is happy to pay its share of tax and, in this respect, is a major contributor to the economy. In the year under review, we paid total taxes of £600.2 million, an increase of £48.7 million, compared with the previous year, which equates to approximately 43% of our sales.

This equates to an average payment per pub of £662,000 per annum or £12,700 per week.

	2014 £m	2013 £m
VAT	**275.1**	253.0
Alcohol duty	**157.0**	144.4
PAYE and NIC	**78.4**	70.2
Business rates	**44.9**	46.4
Corporation tax	**18.1**	18.4
Machine duty	**11.3**	7.2
Climate change levies	**6.3**	4.3
Carbon tax	**2.7**	2.6
Fuel duty	**2.1**	2.0
Stamp duty	**2.1**	1.0
Landfill tax	**1.5**	1.3
Premise licence and TV licences	**0.7**	0.7
Total tax	**600.2**	551.5
Tax per pub (£000)	**662**	632
Tax as % of sales	**42.6%**	43.1%
Pre-exceptional profit after tax	**58.9**	56.5
Profit after tax as % of sales	**4.2%**	4.4%

Tax Equality Day
In order to draw attention to the current unfair tax régime, Wetherspoon is supporting Tax Equality Day (Wednesday 24 September 2014), in association with Jacques Borel's VAT Club – also supported by many others, including Punch, Fuller's, Adnams and thousands of individual publicans. At Wetherspoon, we are reducing our prices by about 7.5%, to reflect the likely reduction in prices which consumers would see, if VAT in pubs were reduced. We are sure that this offer will be extremely popular with customers and will, undoubtedly, increase the amount of revenue for the government as well, if it succeeds in reversing the increase in off-sales through supermarkets – even for one day.

Corporate governance
Last year, I expressed scepticism about aspects of corporate governance 'best practice', based on the observation that, in recent years, compliant pub companies had often fared disastrously in

comparison with non-compliant ones. In particular, pub companies in which the CEO became chairman and which had a majority of executives and 'non-independent' non-executives, usually with previous experience in the pub trade, avoided making the catastrophic errors to which compliant companies seemed prone. Compliant companies, with a so-called independent non-executive chairman and dominated by non-executive directors, often with a very small number of executive directors, tended to be excessively influenced by City fashions, creating instability and poor performance as a result. In addition, I expressed the view that performance-based pay was, in effect, a double-edged sword, since setting targets for achievement often resulted in, for example, excessive debt as a means of enhancing earnings, as well as other distortions in behaviour. It was noted that banks in the credit crunch were also compliant, but this had not prevented disaster.

These views, clearly set out in last year's chairman's statement, have not been contradicted by any party in the interim. No questions have been raised about this aspect of the chairman's statement in meetings between the company and our shareholders. Indeed, corporate governance issues have almost never been raised by shareholders in all of our meetings with them in the 22 years since our flotation on the stock market. This year, several Wetherspoon executives and I have considered the UK Corporate Governance Code (2012), to try to throw light on this divergence in performance, bearing in mind the problems in recent times at companies like Marks and Spencer, Tesco and Morrisons, with ever-changing compliant boards struggling to run what were previously successful and stable companies.

The general view of our management team is that the UK Corporate Governance Code does not, as it purports to do, 'facilitate effective, entrepreneurial and prudent management that can deliver the long-term success' of companies. The main fault we see is that the code is much too 'City centric' and 'board centric', emphasising the importance of meetings between shareholders and the chairman and between various permutations of board members. These meetings may be desirable or necessary, from time to time, but are much less important than directors of a pub company, for example, visiting its pubs and making a note of the comments of staff and customers (as is the practice at Wetherspoon), for the purpose of board and other discussions. The road to hell in pub companies lies in emphasising the views of shareholders over those of employees on the 'front line'.

This point was best summed up by the legendary Sam Walton of Walmart in 'Made in America':

'As companies get larger … it becomes … tempting to … go to New York and speak to the … people that own your stock … I feel our time is best spent with our own people in the stores … Not that we don't go out of our way to keep Wall Street up to date on what's going on with the company.'

He further stated:
'What's really worried me over the years is not our stock price, but that we might someday fail to take care of our customers or that our managers might fail to motivate and take care of our (employees)…. Those challenges are more real than somebody's theory that we're heading down the wrong path…. As business leaders, we absolutely cannot afford to get all caught up in trying to meet the goals that some … institution … sets for us. If we do that, we take our eye off the ball…. If we fail to live up to somebody's hypothetical projection for what we should be doing, I don't care. We couldn't care less about what is forecast or what the market says we ought to do.'

As Sam Walton indicated, it is clearly a vital priority for pub and retail company directors, for example, to keep in touch with employees and customers' views, yet the code does not mention these aspects at all. In this respect, the theoretical separation of the running of a board and a company, as advanced by the code, is a highly dangerous concept. In order to run a business well, the directors need to appear regularly on the 'front line'. This excessive emphasis on City/shareholders' views is likely to stem from the nature of the FRC board itself, whose membership is dominated by individuals, no doubt well intentioned, with finance and City backgrounds, with few or no representatives from other spheres.

Recent reports have stated that the average institutional fund manager turns over his share portfolio about twice a year. Inevitably, in these circumstances, advice from an average fund manager may tend to be based on short-term considerations and of no, or limited, use to directors. Sensible institutional shareholders recognise these parameters and will offer an opinion, if asked, and mostly restrict themselves to asking questions, enabling them to form an investment view. Anyone who has read the works of Benjamin Graham or Warren Buffett will be aware of their views that markets often suffer from deep and serious mental instability, so the idea of consulting 'Mr Market' as a regular source of wisdom is unrealistic and potentially dangerous. On the other hand, by concentrating on listening to the views of employees who understand best the challenges facing the business, directors will make a positive contribution to their companies.

As an illustration of this imbalance, a word search indicates 65 references in the code to shareholders, three to employees and none to customers – a reversal of this ratio would indicate a better sense of priorities.

Emphasising the pitfalls, the only serious approach from a shareholder, regarding Wetherspoon's corporate strategy since our 1992 flotation, concerned the desire of one large shareholder, Hermes, in 2005, which urged Wetherspoon to start converting its pubs to tenancies, in order to take advantage of the higher share valuation which applied to Punch Taverns and Enterprise Inns at that time. This was not helpful advice then and appeared to us to be focused on short-term share performance at the expense of any other considerations and was advice which the board chose not to follow.

The current advice that non-executives should remain on boards for a maximum of nine years, combined with the normal short tenure of chief executive officers of four to five years, has created boardrooms in which inexperience and short-term City considerations dominate and in which there is a demoralising instability for employees. As one sage has stated, 'when experience is not retained, infancy is perpetual'.

The code should also, we believe, be franker in admitting to the shortcomings of current and previous guidance. Remuneration committees, for example, which were introduced to control pay which was perceived to be excessive, have overseen an explosion in the levels of remuneration. The 'pay for performance' mantra has meant, in effect, the setting of complex targets for bonuses which have greatly lengthened and complicated reports and accounts, but have exacerbated, not alleviated, the basic problem. As a general observation, far too much financial reporting is couched in financial jargon and 'business speak', making corporate documents difficult to understand and being contrary to the stated approach of making reporting more transparent.

In conclusion, it is our view that corporate governance, as reflected in the code and in common practice is, in many respects, deeply flawed as regards pub companies and probably many other types of company as well. The boards of many PLCs are often highly unstable, owing to their domination by non-executive directors on relatively short-term contracts. A greater percentage of executive representation on the board, greater emphasis on all directors liaising with staff on the front line, rather than with shareholders, and less emphasis on pay for performance are the key elements which need to be modified.

Current trading and outlook

The biggest danger to the pub industry, as indicated above, is the VAT disparity between supermarkets and pubs. Wetherspoon, along with many pub and restaurant companies, is supporting Jacques Borel's VAT Club on Tax Equality Day (Wednesday 24 September 2014) to publicise this inequality.

A similar danger relates to the general tone of corporate governance advice and practice, as discussed above, which has helped to create unstable board rooms, often preoccupied by the wrong considerations. For example, many do not even recognise the danger from the VAT disparity, despite the high weekly level of pub closures which has lasted for many years.

In the six weeks to 7 September 2014, like-for-like sales increased by 6.3%, with total sales increasing by 11.4%.

The company is aiming for a reasonable outcome in the current financial year.

Tim Martin
Chairman
11 September 2014

LESSONS IN THE PROPERTY MARKET, BY TIM MARTIN

(Originally published in the trade publication Propel, on 22 May 2013)

J D Wetherspoon has always been a buyer of freeholds. Our second, third and fourth pubs were freehold and, by the time of our 1992 flotation, 20 of our 44 pubs were freehold.

I negotiated our first 20 or so pubs myself, dealing directly with the owners' agents, before employing Christian Braun, of Van de Berg & Co (VDB), in about 1990. Little did I realise that Braun was a double agent or 'mole', who was to burrow deep into our organisation, undermining the very property foundations which underpin any retailer.

Following a tip-off, in 2005, we terminated VDB's contract and undertook a review of all of our 600 or so property transactions, using a team of up to a dozen legal and paralegal staff. We discovered about 50 'back-to-back' transactions, in which freeholds, which were available to buy, had been diverted by VDB to third parties, which had acquired them at the same time as JDW had taken a lease – the rent being set at a level which created an immediate uplift in the value of the reversion.

Proceedings were issued against VDB and its directors, Braun, George Aldridge and Richard Harvey, in respect of about a dozen of these transactions. In a 136-page judgment, Mr Justice Peter Smith found that VDB had fraudulently diverted properties to several third parties, but he made no findings against the third parties themselves.

Following Mr Justice Smith's judgment, JDW issued proceedings against several third parties: Paul Ferrari of Braun's former employer Ferrari Dewe & Co; Anthony Lyons, formerly of Davis Coffer Lyons; Jason Harris, formerly of First London.

Liability was denied by all. The cases were contested and settled out of court. JDW received substantial payments in all three cases.

Some of the pleaded properties in the VDB case, referred to by the judge as the 'Ferrari Five', involved Jersey companies with nominee owners who were connected to Ferrari. Each of the Jersey companies had a different name – and care was taken to use different lawyers and nominees.

Profits from the purchasing companies were usually channelled to a Jersey holding company called Gecko, with money then transferred as loans or fees to companies controlled by VDB's directors.

In my opinion, the Lyons case is the most interesting for the property market and for prospective tenants and purchasers. Lyons stated, in his defence, that he was acting in his capacity as an employee and in accordance with his duties to Davis and Coffer (now Davis Coffer Lyons).

The Lyons case concerned properties in Portsmouth, Leytonstone and Newbury, two of which became JDW pubs, with the third becoming a Café Rouge. The Portsmouth property belonged to British Gas – and Mr Justice Smith found that VDB had bid for the freehold, unbeknown to JDW, and, once the bid was accepted, agreed with Lyons for JDW to take a lease and for the freehold to be acquired by Moorstown Properties, owned by a friend, and subsequently a colleague, of Lyons – Simon Conway. No findings were made against Lyons, or indeed Conway, in the VDB case, and neither person was a party to the case.

Portsmouth was subsequently sold by Moorstown to Scottish American Investment Company, a few months later, with the benefit of a lease to JDW for a substantial profit. Illustrating the Byzantine complexity of the transactions, Lyons' defence stated that shares in Moorstown were "transferred", before the sale was completed, to Northcreek which, Companies House shows, was owned by Roger Myers, then chairman of Café Rouge owner Pelican, and his family.

The Newbury property was acquired by Riverside Stores, a company connected to Conway, and was leased at around the same time to Café Rouge.

Newbury was sold shortly after completion for a substantial profit.

JDW did not allege, and is not alleging, that the Portsmouth and Newbury transactions are connected and is not alleging that Davis Coffer Lyons, Myers or Conway are dishonest, but it is a matter of public importance, as well as of importance to JDW and its shareholders, for there to be an explanation about the circumstances in which Moorstown, a company which clearly benefited from the Portsmouth fraud by VDB, ended up belonging to the family of Myers.

A key legal and ethical question for the property market which emerges from these cases concerns the obligations of estate agents and investors, in circumstances in which a freehold property is first offered to a friend or colleague of an agent, who agrees to acquire it, and the property is then offered by the agent to a company like Wetherspoon on a 'back-to-back' basis. What are the obligations of the introducing agent? In broad terms, the third parties in the Wetherspoon litigation argued that they owed no duties or obligations to Wetherspoon and were not, therefore, liable to us. The great risk which all agents and investors run, in these circumstances, is that the retained agent, VDB in this instance, may itself be dishonest.

If so, this may open up the possibility of a claim by an aggrieved 'end user', such as Wetherspoon, that the introducing agent participated in the dishonesty of the retained agent.

JDW has lost many tens of millions of pounds as a result of the VDB frauds. Rent reviews and 'yield compression' have exacerbated the damage over the years.

Our experience teaches several lessons. First, buyers and tenants should ask their agents to confirm in writing that they have no direct or indirect interest in any property which they are acquiring and should ask their lawyers to take particular interest, if a freehold is changing hands at the same time as they are acquiring a lease or, indeed, the freehold.

Professionals and investors should also obtain confirmation in writing from the 'end user' in back-to-back deals that they have consented to the transaction. Take the retained agent's word for it at your peril.

INCOME STATEMENT for the 52 weeks ended 27 July 2014

J D Wetherspoon plc, company number: 1709784

	Notes	**52 weeks ended 27 July 2014 Before exceptional items Total £000**	**52 weeks ended 27 July 2014 Exceptional items (note 3) Total £000**	**52 weeks ended 27 July 2014 After exceptional items Total £000**	52 weeks ended 28 July 2013 Before exceptional items Total £000	52 weeks ended 28 July 2013 Exceptional items (note 3) Total £000	52 weeks ended 28 July 2013 After exceptional items Total £000
Revenue	1	**1,409,333**	**–**	**1,409,333**	1,280,929	–	1,280,929
Operating costs		**(1,293,758)**	**–**	**(1,293,758)**	(1,169,619)	(19,800)	(1,189,419)
Operating profit	2	**115,575**	**–**	**115,575**	111,310	(19,800)	91,510
Finance income	5	**67**	**–**	**67**	118	–	118
Finance costs	5	**(36,280)**	**(997)**	**(37,277)**	(34,485)	–	(34,485)
Profit before taxation		**79,362**	**(997)**	**78,365**	76,943	(19,800)	57,143
Income tax expense	6	**(20,499)**	**(16,744)**	**(37,243)**	(11,731)	776	(10,955)
Profit for the year		**58,863**	**(17,741)**	**41,122**	65,212	(19,024)	46,188
Basic earnings per share	7	**48.6**		**33.9**	46.2		37.8
Basic diluted earnings per share	7	**47.0**		**32.8**	44.8		36.6

STATEMENT OF COMPREHENSIVE INCOME for the 52 weeks ended 27 July 2014

	Notes	**52 weeks ended 27 July 2014 £000**	52 weeks ended 28 July 2013 £000
Items which may subsequently be reclassified to profit or loss			
Interest-rate swaps: gain taken to other comprehensive income	22	**13,879**	21,984
Tax on items taken directly to other comprehensive income	6	**(2,776)**	(6,378)
Net gain recognised directly in other comprehensive income		**11,103**	15,606
Profit for the year		**41,122**	46,188
Total comprehensive income for the year		**52,225**	61,794

CASH FLOW STATEMENT for the 52 weeks ended 27 July 2014

J D Wetherspoon plc, company number: 1709784

	Notes	**52 weeks ended 27 July 2014 £000**	**Free cash flow 52 weeks ended 27 July 2014 £000**	52 weeks ended 28 July 2013 £000	Free cash flow 52 weeks ended 28 July 2013 £000
Cash flows from operating activities					
Cash generated from operations	8	**212,505**	**212,505**	164,922	164,922
Interest received		**78**	**78**	122	122
Interest paid		**(33,996)**	**(33,996)**	(31,569)	(31,569)
Corporation tax paid		**(18,070)**	**(18,070)**	(18,370)	(18,370)
Gaming machine settlement	3	**(16,696)**		–	
Net cash inflow from operating activities		**143,821**	**160,517**	115,105	115,105
Cash flows from investing activities					
Purchase of property, plant and equipment		**(46,300)**	**(46,300)**	(35,051)	(35,051)
Purchase of intangible assets		**(9,926)**	**(9,926)**	(5,880)	(5,880)
Proceeds on sale of property, plant and equipment		**505**		645	
Investment in new pubs and pub extensions		**(97,694)**		(53,135)	
Freehold reversions		**(14,823)**		(7,660)	
Investment properties		**(8,754)**		–	
Lease premiums paid		**(10)**		(93)	
Net cash outflow from investing activities		**(177,002)**	**(56,226)**	(101,174)	(40,931)
Cash flows from financing activities					
Equity dividends paid	10	**(14,949)**		(15,053)	
Purchase of own shares for cancellation	27	**(24,550)**		–	
Purchase of own shares for share-based payments		**(7,338)**	**(7,338)**	(8,825)	(8,825)
Advances under bank loans	9	**92,151**		17,585	
Loan issue costs	9	**(4,103)**	**(4,103)**	–	
Finance lease principal payments	9	**(5,552)**		(5,841)	
Net cash inflow/(outflow) from financing activities		**35,659**	**(11,441)**	(12,134)	(8,825)
Net increase in cash and cash equivalents	9	**2,478**		1,797	
Opening cash and cash equivalents	18	**29,837**		28,040	
Closing cash and cash equivalents	18	**32,315**		29,837	
Free cash flow	7		**92,850**		65,349
Free cash flow per ordinary share	7		**74.1p**		51.8p

BALANCE SHEET for the 52 weeks ended 27 July 2014

J D Wetherspoon plc, company number: 1709784

	Notes	27 July 2014 £000	28 July 2013 £000
Assets			
Non-current assets			
Property, plant and equipment	11	**1,068,067**	956,928
Intangible assets	12	**26,838**	20,166
Deferred tax assets	6	**6,033**	8,809
Investment properties	13	**8,713**	–
Other non-current assets	14	**9,766**	9,897
Derivative financial instruments	22	**1,723**	–
Total non-current assets		**1,121,140**	995,800
Current assets			
Inventories	15	**22,312**	19,857
Receivables	16	**23,901**	23,940
Cash and cash equivalents	18	**32,315**	29,837
Total current assets		**78,528**	73,634
Assets held for sale	17	**–**	422
Total assets		**1,199,668**	1,069,856
Liabilities			
Current liabilities			
Trade and other payables	19	**(243,160)**	(201,456)
Borrowings	20	**(2,636)**	(5,552)
Provisions	21	**(4,442)**	(6,491)
Derivative financial instruments	22	**(3,149)**	–
Current income tax liabilities		**(3,872)**	(9,313)
Total current liabilities		**(257,259)**	(222,812)
Non-current liabilities			
Borrowings	20	**(586,230)**	(498,498)
Derivative financial instruments	22	**(28,740)**	(44,045)
Deferred tax liabilities	6	**(83,686)**	(58,409)
Provisions	21	**(3,055)**	(3,520)
Other liabilities	23	**(13,530)**	(27,657)
Total non-current liabilities		**(715,241)**	(632,129)
Net assets		**227,168**	214,915
Shareholders' equity			
Share capital	27	**2,460**	2,521
Share premium account		**143,294**	143,294
Capital redemption reserve		**1,971**	1,910
Hedging reserve		**(24,133)**	(35,236)
Retained earnings		**103,576**	102,426
Total shareholders' equity		**227,168**	214,915

The financial statements, on pages 11 to 44, approved by the board of directors and authorised for issue on 11 September 2014, are signed on its behalf by:

John Hutson
Director

Kirk Davis
Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

J D Wetherspoon plc, company number: 1709784

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	**Total £000**
At 29 July 2012		**2,521**	**143,294**	**1,910**	**(50,842)**	**72,761**	**169,644**
Profit for the year						46,188	**46,188**
Interest-rate swaps: gain taken to equity	22				21,984		**21,984**
Tax on items taken directly to equity	6				(6,378)		**(6,378)**
Total comprehensive income					15,606	46,188	**61,794**
Share-based payments						6,539	**6,539**
Deferred tax on share-based payments						816	**816**
Purchase of shares held in trust						(8,787)	**(8,787)**
Tax on purchase of shares held in trust						(38)	**(38)**
Dividends	10					(15,053)	**(15,053)**
At 28 July 2013		**2,521**	**143,294**	**1,910**	**(35,236)**	**102,426**	**214,915**
Profit for the year						41,122	**41,122**
Interest-rate swaps: gain taken to equity	22				13,879		**13,879**
Tax on items taken directly to equity	6				(2,776)		**(2,776)**
Total comprehensive income					11,103	41,122	**52,225**
Repurchase of shares		(61)		61		(24,428)	**(24,428)**
Tax on repurchase of shares						(122)	**(122)**
Share-based payments						7,521	**7,521**
Deferred tax on share-based payments						(663)	**(663)**
Purchase of shares held in trust						(7,304)	**(7,304)**
Tax on purchase of shares held in trust						(34)	**(34)**
Currency translation reserve						7	**7**
Dividends	10					(14,949)	**(14,949)**
At 27 July 2014		**2,460**	**143,294**	**1,971**	**(24,133)**	**103,576**	**227,168**

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

The capital redemption reserve increased owing to the purchase of a number of shares in the period.

Shares acquired in relation to the employee Share Incentive Plan and the 2005 Deferred Bonus Scheme are held in trust, until such time as the awards vest. At 27 July 2014, the number of shares held in trust was 3,852,077 (2013: 4,297,392), with a nominal value of £77,042 (2013: £85,948) and a market value of £28,235,724 (2013: £32,745,127) and are included in retained earnings.

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

As at 27 July 2014, the company had distributable reserves of £79.4 million (2013: £67.2 million).

1 Revenue

Revenue disclosed in the income statement is analysed as follows:

	52 weeks ended 27 July 2014 £000	52 weeks ended 28 July 2013 £000
Sales of food, beverages, hotel rooms and machine income	**1,409,333**	1,280,929

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

This is stated after charging/(crediting):	52 weeks ended 27 July 2014 £000	52 weeks ended 28 July 2013 £000
Concession rental payments	**17,166**	15,054
Minimum operating lease payments	**52,538**	52,371
Repairs and maintenance	**56,603**	48,030
Net rent receivable	**(845)**	(623)
Depreciation of property, plant and equipment (note 11)	**54,459**	50,084
Amortisation of intangible assets (note 12)	**3,254**	2,650
Amortisation of non-current assets (note 14)	**321**	363
Depreciation of investment properties (note 13)	**41**	–
Share-based payments (note 4)	**7,869**	6,539
Net impairment charges	**1,012**	–
Net onerous lease provision	**(228)**	–
Loss on disposal of fixed assets	**645**	–
Auditors' remuneration		
Fees payable for the audit of the financial statements	**161**	165
Fees payable for other services:		
– assurance services	**30**	29
– non-audit services	**–**	20
Total auditors' fees	**191**	214

Analysis of continuing operations	52 weeks ended 27 July 2014 £000	52 weeks ended 28 July 2013 £000
Revenue	**1,409,333**	1,280,929
Cost of sales	**(1,241,584)**	(1,121,787)
Gross profit	**167,749**	159,142
Administration costs	**(52,174)**	(47,832)
Operating profit before exceptional items	**115,575**	111,310
Exceptional items (note 3)	**–**	(19,800)
Operating profit after exceptional items	**115,575**	91,510

The cost of inventory expensed in the year is not disclosed, as management deems this to be commercially sensitive, in the highly competitive market in which the company operates.

3 Exceptional items

	52 weeks ended 27 July 2014 £000	52 weeks ended 28 July 2013 £000
Operating exceptional items		
Property impairment	**–**	15,551
Onerous lease provision	**–**	3,278
Loss on disposal of property, plant and equipment	**–**	971
Total operating exceptional items	**–**	19,800
Other exceptional items		
Interest payable on gaming machine VAT repayment	**997**	–
Income tax expense – current tax	**(4,375)**	(776)
Income tax expense – deferred tax	**21,119**	–
Exceptional items	**17,741**	19,024

The exceptional item in the current year of £1.0 million relates to interest which was paid in respect of £15.7 million received from HMRC in April 2010, relating to VAT on gaming machine revenue. This was repaid, along with interest, following the successful appeal by HMRC in October 2013.

In addition, an agreement was reached with HMRC in respect of a long-outstanding dispute about the treatment of capital allowances. As a result of this agreement, tax computations have been resubmitted and have resulted in a refund due of £4.4 million. Deferred tax liabilities arise as a result of capital allowances which can be claimed more quickly than the assets depreciate. As a result of the agreement with HMRC, a one-off charge of £21.1 million was made to reflect the future deferred tax liability.

Charges for the current year, in respect of impairment and onerous leases, were not significant and so are not presented as exceptional items. Details can be found in note 2.

4 Employee benefits expense

	52 weeks ended 27 July 2014 £000	52 weeks ended 28 July 2013 £000
Wages and salaries	**368,335**	326,479
Social Security costs	**24,008**	21,778
Other pension costs	**3,213**	2,187
Share-based payments	**7,521**	6,539
	403,077	356,983

Directors' emoluments	**2014 £000**	2013 £000
Aggregate emoluments	**1,623**	1,641
Aggregate amount receivable under long-term incentive schemes	**346**	938
Company contributions to money purchase pension scheme	**113**	107
	2,082	2,686

For further information of directors' emoluments, please see the directors' remuneration report on pages 53 to 61.

The totals below relate to the monthly average number of employees during the year, not the total number of employees at the end of the year (including directors on a service contract).

	2014 Number	2013 Number
Full-time equivalents		
Managerial/administration	**4,419**	4,065
Hourly paid staff	**16,911**	15,011
	21,330	19,076

	2014 Number	2013 Number
Total employees		
Managerial/administration	**4,419**	4,065
Hourly paid staff	**28,216**	25,406
	32,635	29,471

During the year under review, a change in the basis of calculating the full-time equivalents was made as a result of a reduction to the working hours per week from 48.0 to 37.5 for the purpose of this calculation. Comparative figures have been restated to reflect this change.

For details of the Share Incentive Plan and the 2005 Deferred Bonus Scheme, refer to the remuneration report on pages 53 to 61.

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

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

5 Finance income and costs

	52 weeks ended 27 July 2014 £000	52 weeks ended 28 July 2013 £000
Finance costs		
Interest payable on bank loans and overdrafts	**14,290**	12,975
Amortisation of bank loan issue costs	**2,320**	1,655
Interest payable on swaps	**19,300**	19,233
Interest payable on obligations under finance leases	**370**	622
Total pre-exceptional finance costs	**36,280**	34,485
Bank interest receivable	**(67)**	(118)
Total pre-exceptional finance income	**(67)**	(118)
Exceptional interest charge (note 3)	**997**	–
Net finance costs	**37,210**	34,367

Further details are provided in note 21.

The net finance costs during the year increased from £34.4 million to £37.2 million. The finance costs in the income statement were covered 3.2 times (2013: 3.2 times), on a pre-exceptional basis.

6 Income tax expense

(a) Tax on profit on ordinary activities

The standard rate of corporation tax in the UK changed from 23.0% to 21.0%, with effect from 1 April 2014. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 22.3% (2013: 23.7%).

	52 weeks ended 27 July 2014 Before exceptional items £000	**52 weeks ended 27 July 2014 Exceptional items (note 3) £000**	**52 weeks ended 27 July 2014 After exceptional items £000**	52 weeks ended 28 July 2013 Before exceptional items £000	52 weeks ended 28 July 2013 Exceptional items (note 3) £000	52 weeks ended 28 July 2013 After exceptional items £000
Current income tax:						
Current income tax charge	**17,004**	**(4,375)**	**12,629**	19,356	(776)	18,580
Total current income tax	**17,004**	**(4,375)**	**12,629**	19,356	(776)	18,580
Deferred tax:						
Origination and reversal of temporary differences	**3,495**	**21,119**	**24,614**	1,095	–	1,095
Impact of change in UK tax rate	**–**	**–**	**–**	(8,720)	–	(8,720)
Total deferred tax	**3,495**	**21,119**	**24,614**	(7,625)	–	(7,625)
Tax charge in the income statement	**20,499**	**16,744**	**37,243**	**11,731**	**(776)**	**10,955**
Tax relating to items charged or credited to other comprehensive income						
Deferred tax:						
Tax charge on interest-rate swaps	**2,776**	**–**	**2,776**	6,378	–	6,378
Tax charge in the statement of comprehensive income	**2,776**	**–**	**2,776**	6,378	–	6,378

6 Income tax expense continued

(b) Reconciliation of the total tax charge

The tax expense after exceptional items in the income statement for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 22.3% (2013: 23.7%), owing largely to the adjustment in respect of the change in the tax rate. The differences are reconciled below:

	52 weeks ended 27 July 2014 Before exceptional items £000	**52 weeks ended 27 July 2014 After exceptional items £000**	52 weeks ended 28 July 2013 Before exceptional items £000	52 weeks ended 28 July 2013 After exceptional items £000
Profit before income tax	**79,362**	**78,365**	76,943	57,143
Profit multiplied by the UK standard rate of corporation tax of 22.3% (2013: 23.7%)	**17,722**	**17,499**	18,210	13,524
Abortive acquisition costs and disposals	**78**	**78**	88	88
Other disallowables	**186**	**409**	116	116
Other allowable deductions	**(334)**	**(334)**	(151)	(151)
Non-qualifying depreciation	**3,654**	**3,654**	2,995	6,905
Deduction for shares and SIPs	**(69)**	**(69)**	(402)	(402)
Deferred tax on balance-sheet-only items	**(331)**	**(331)**	(204)	(204)
Prior period adjustment – current tax	**–**	**(4,375)**	–	–
Prior period adjustment – deferred tax	**–**	**21,119**	–	–
Adjustment to deferred tax in respect of change in tax rate	**(407)**	**(407)**	(8,921)	(8,921)
Total tax expense reported in the income statement	**20,499**	**37,243**	11,731	10,955

6 Income tax expense continued

(c) Deferred tax

The deferred tax in the balance sheet is as follows:

Deferred tax liabilities	Accelerated tax depreciation £000	Other temporary differences £000	Total £000
At 28 July 2013	55,258	5,873	61,131
Prior periods movement posted to the income statement	20,273	893	21,166
Movement during year posted to the income statement	3,775	–	3,775
At 27 July 2014	**79,306**	**6,766**	**86,072**

Deferred tax assets	Share-based payments £000	Capital losses carried forward £000	Interest-rate swaps £000	Total £000
At 28 July 2013	1,591	1,131	8,809	11,531
Movement during year posted to the income statement	–	280	–	280
Prior year movement posted to the income statement	–	47	–	47
Movement during year posted to comprehensive income	(663)	–	(2,776)	(3,439)
At 27 July 2014	**928**	**1,458**	**6,033**	**8,419**

The Finance Bill 2013 was substantively enacted before the balance sheet date of 27 July 2014. It included legislation to reduce the main rate of corporation tax to 20% with effect from 1 April 2015. The lower rate of 20% has been used to determine the overall net deferred tax liability, as the temporary differences are expected to reverse at the lower rate.

The reversal of the deferred tax asset, in relation to capital losses, is dependent on the availability of capital gains on future disposals. This asset is likely to be reversed after more than 12 months. The deferred tax liabilities are likewise expected to unwind after more than 12 months.

Deferred tax assets and liabilities can be offset as follows:

	2014 £000	2013 £000
Deferred tax liabilities	**86,072**	61,131
Offset against deferred tax assets	**(2,386)**	(2,722)
Deferred tax liability	**83,686**	58,409
Deferred tax assets	**8,419**	11,531
Offset against deferred tax liabilities	**(2,386)**	(2,722)
Deferred tax asset	**6,033**	8,809

7 Earnings and cash flow per share

Earnings per share are based on the weighted average number of shares in issue of 125,312,581 (2013: 126,036,296), including those held in trust in respect of employee share schemes. Earnings per share, calculated on this basis, are usually referred to as 'diluted', since all the shares in issue are included.

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

Weighted average number of shares	**52 weeks ended 27 July 2014**	52 weeks ended 28 July 2013
Shares in issue (used for diluted EPS)	**125,312,581**	126,036,296
Shares held in trust	**(4,174,284)**	(3,780,740)
Shares in issue less shares held in trust (used for basic EPS)	**121,138,297**	122,255,556

The weighted average number of shares held in trust for employee share schemes has been adjusted to exclude those shares which have vested, but which remain in the trust.

52 weeks ended 27 July 2014	Profit £000	Basic EPS pence per ordinary share	Diluted EPS pence per ordinary share
Earnings (profit after tax)	41,122	33.9	32.8
Exclude effect of exceptional items after tax	17,741	14.7	14.2
Adjusted earnings before exceptional items	58,863	48.6	47.0

52 weeks ended 28 July 2013	Profit £000	Basic EPS pence per ordinary share	Diluted EPS pence per ordinary share
Earnings (profit after tax)	46,188	37.8	36.6
Exclude one-off tax benefit (rate change)	(8,720)	(7.2)	(6.9)
Adjusted earnings after exceptional items	37,468	30.6	29.7
Exclude effect of exceptional items after tax	19,024	15.6	15.1
Adjusted earnings before exceptional items	56,492	46.2	44.8

Free cash flow per share

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

Free cash flow per share	**52 weeks ended 27 July 2014**	52 weeks ended 28 July 2013
Free cash flow (£000)	**92,850**	65,349
Free cash flow per share (p)	**74.1**	51.8

8 Cash generated from operations

	52 weeks ended 27 July 2014 £000	52 weeks ended 28 July 2013 £000
Profit for the year	**41,122**	46,188
Adjusted for:		
Tax	**37,243**	10,955
Net impairment charge	**1,012**	15,551
Net onerous lease provision	**(228)**	3,278
Loss on disposal of property, plant and equipment	**645**	971
Amortisation of intangible assets	**3,254**	2,650
Depreciation of property, plant and equipment	**54,459**	50,084
Lease premium amortisation	**321**	363
Depreciation on investment properties	**41**	–
Share-based charges	**7,521**	6,539
Interest receivable	**(67)**	(118)
Amortisation of bank loan issue costs	**2,320**	1,655
Interest payable	**33,960**	32,830
Exceptional interest	**997**	–
	182,600	170,946
Change in inventories	**(2,455)**	1,118
Change in receivables	**39**	(5,255)
Change in payables	**32,321**	(1,887)
Net cash inflow from operating activities	**212,505**	164,922

9 Analysis of changes in net debt

	At 28 July 2013 £000	Cash flows £000	Non-cash movement £000	At 27 July 2014 £000
Cash in hand	29,837	2,478	–	**32,315**
Debt due after one year (notes 20 and 22)	(493,799)	(88,048)	(2,320)	**(584,167)**
Bank borrowing	(463,962)	(85,570)	(2,320)	**(551,852)**
Finance lease creditor – due less than one year	(5,552)	5,552	(2,636)	**(2,636)**
Finance lease creditor – due after one year	(4,699)	–	2,636	**(2,063)**
Net borrowings	(474,213)	(80,018)	(2,320)	**(556,551)**
Derivative: interest-rate swaps (note 22)	(44,045)	–	17,028	**(27,017)**
Derivative: interest-rate swaps – due in one year	–	–	(3,149)	**(3,149)**
Net debt	(518,258)	(80,018)	11,559	**(586,717)**

Non-cash movements

The non-cash movement in debt due after one year relates to the amortisation of bank loan issue costs.

The movement in interest-rate swaps of £13.9 million relates to the change in the ‘mark to market’ valuations for the year.

10 Dividends paid and proposed

	52 weeks ended 27 July 2014 £000	52 weeks ended 28 July 2013 £000
Declared and paid during the year:		
Dividends on ordinary shares:		
– final for 2012/13: 8.0p (2011/12: 8.0p)	**9,987**	10,021
– interim for 2013/14: 4.0p (2012/13: 4.0p)	**4,962**	5,032
Dividends paid	**14,949**	15,053
Proposed for approval by shareholders at the AGM:		
– final dividend for 2013/14: 8.0p (2012/13: 8.0p)	**9,751**	9,623

As detailed in the interim accounts, the board declared and paid an interim dividend of 4.0p for the financial year ended 27 July 2014.

11 Property, plant and equipment

	Freehold and long-leasehold property £000	Short-leasehold property £000	Equipment, fixtures and fittings £000	Expenditure on unopened properties £000	Total £000
Cost:					
At 29 July 2012	668,059	410,089	389,730	15,556	1,483,434
Additions	2,852	11,645	27,791	55,650	97,938
Transfers	26,470	11,302	13,090	(50,862)	–
Transfer to/from assets held for sale	1,693	1,135	–	–	2,828
Disposals	(1,693)	(1,952)	(2,536)	–	(6,181)
Reclassification	6,090	(6,090)	–	–	–
At 28 July 2013	703,471	426,129	428,075	20,344	1,578,019
Additions	27,525	22,732	38,494	78,767	167,518
Transfers	28,355	19,692	19,784	(67,831)	–
Disposals	(1,316)	(2,692)	(4,429)	–	(8,437)
Reclassification	40,622	(40,622)	–	–	–
At 27 July 2014	**798,657**	**425,239**	**481,924**	**31,280**	**1,737,100**
Accumulated depreciation and impairment:					
At 29 July 2012	119,982	167,294	270,876	941	559,093
Provided during the period	11,107	13,127	25,850	–	50,084
Impairment loss	6,458	6,809	1,191	–	14,458
Disposals	(1,320)	(797)	(2,179)	–	(4,296)
Transfer to/from assets held for sale	1,328	424	–	–	1,752
Reclassification	1,899	(1,899)	–	–	–
At 28 July 2013	139,454	184,958	295,738	941	621,091
Provided during the period	9,465	16,096	28,887	11	54,459
Impairment loss (reversal)	2,234	(1,179)	137	–	1,192
Disposals	(668)	(2,849)	(3,792)	(400)	(7,709)
Reclassification	5,627	(5,627)	–	–	–
At 27 July 2014	**156,112**	**191,399**	**320,970**	**552**	**669,033**
Net book amount at 27 July 2014	**642,545**	**233,840**	**160,954**	**30,728**	**1,068,067**
Net book amount at 28 July 2013	564,017	241,171	132,337	19,403	956,928
Net book amount at 29 July 2012	548,077	242,795	118,854	14,615	924,341

11 Property, plant and equipment continued

Impairment of property, plant and equipment

In assessing whether a pub has been impaired, the book value of the pub is compared with its anticipated future cash flows. Assumptions are used about sales, costs and profit, using a pre-tax discount rate for future years of 9% (2013: 10%).

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

As a result of this exercise, a net impairment loss of £1,192,000 (2013: £14,458,000) was charged to operating costs in the income statement, as described in note 3. Included within this charge was a reversal of previously impaired assets of £2,211,000 (2013: £766,000). Impairment losses were reversed, as the financial performance of the impaired sites had improved to a point at which management was satisfied that the impairment was no longer required.

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

Finance leases

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

The carrying value of these assets, held under finance leases at 27 July 2014, included in equipment, fixtures and fittings, was as follows:

	2014 £000	2013 £000
Net book value	**8,580**	10,554

12 Intangible assets

	£000
Cost:	
At 29 July 2012	29,613
Additions	5,880
At 28 July 2013	35,493
Additions	9,926
At 27 July 2014	**45,419**
Accumulated amortisation:	
At 29 July 2012	12,677
Amortisation during the period	2,650
At 28 July 2013	15,327
Amortisation during the period	3,254
At 27 July 2014	**18,581**
Net book amount at 27 July 2014	**26,838**
Net book amount at 28 July 2013	20,166
Net book amount at 29 July 2012	16,936

Amortisation of £3,254,000 (2013: £2,650,000) is included in operating costs in the income statement.

The majority of intangible assets relates to computer software and software development. Examples include the development costs of our SAP accounting system and 'Wisdom' property maintenance system.

Included in the intangible assets is £9,298,000 of software which is in the course of development (2013: £4,258,000).

Finance leases
Certain intangible assets, for example EPOS and accounting systems, have been purchased using finance leases. The amounts below show the reduction in net book value of assets held under finance leases which are released from security when the debt is repaid.

	2014 £000	2013 £000
Net book value	**696**	4,626

13 Investment properties

During the financial year ending 27 July 2014, the company acquired three freehold properties with existing tenants – and these assets have been classified as investment properties.

	2014 £000	2013 £000
Investment property	**8,713**	–

Rental income received in the period from investment properties was £328,000 (2013: £nil). Operating costs incurred in relation to these properties amounted to £41,000 (2013: £nil).

In the opinion of the directors, the cost as stated above is equivalent to the fair value of the properties.

14 Other non-current assets

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

	Lease premiums £000
Cost:	
At 29 July 2012	13,977
Additions	93
At 28 July 2013	14,070
Additions	10
At 27 July 2014	**14,080**
Accumulated amortisation and impairment:	
At 29 July 2012	3,295
Amortisation during the period	363
Impairment	515
At 28 July 2013	4,173
Amortisation during the period	321
Impairment reversal	(180)
At 27 July 2014	**4,314**
Net book amount at 27 July 2014	**9,766**
Net book amount at 28 July 2013	9,897
Net book amount at 29 July 2012	10,682

15 Inventories

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

	2014 £000	2013 £000
Goods for resale at cost	**22,312**	19,857

Certain comparatives have been regrouped where considered more appropriate.

16 Receivables

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

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

	2014 £000	2013 £000
Other receivables	**2,568**	2,567
Prepayments and accrued income	**21,333**	21,373
	23,901	23,940

At the balance sheet date, the company was exposed to a maximum credit risk of £2.5 million, of which £0.6 million was overdue. The company holds no collateral for these receivables.

Certain comparatives have been regrouped, where considered more appropriate.

17 Assets held for resale

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

As at 27 July 2014, no sites were classified as held for sale (2013: one site).

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

	2014 £000	2013 £000
Property, plant and equipment	**–**	422

18 Cash and cash equivalents

	2014 £000	2013 £000
Cash at bank and in hand	**32,315**	29,837

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

19 Trade and other payables

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

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

	2014 £000	2013 £000
Trade payables	**130,476**	99,540
Other payables	**10,291**	9,316
Other tax and Social Security	**42,413**	37,289
Accruals and deferred income	**59,980**	55,311
	243,160	201,456

Certain comparative figures have been regrouped to reflect the nature of the transactions, in accordance with IAS 37 – provisions. The onerous lease provision was previously reflected within other liabilities and other payables, while the self-insurance provision was previously reflected within accruals and deferred income.

20 Borrowings

	2014 £000	2013 £000
Current (due within one year)		
Finance lease obligations	**2,636**	5,552
Non-current (due after one year)		
Bank loans		
Variable-rate facility	**590,347**	498,195
Unamortised bank loan issue costs	**(6,180)**	(4,396)
Other		
Finance lease obligations	**2,063**	4,699
Total non-current borrowings	**586,230**	498,498

The finance lease is secured against the company's till system assets.

21 Provisions for liabilities and charges

	Self-insurance £000	Onerous lease £000	Total £000
At 28 July 2013	4,504	5,507	10,011
Charged to the income statement:			
– additional charges	2,051	1,190	3,241
– unused amounts reversed	(765)	(1,418)	(2,183)
– used during year	(2,467)	(1,105)	(3,572)
At 27 July 2014	**3,323**	**4,174**	**7,497**

	2014 £000	2013 £000
Current	**4,442**	6,491
Non-current	**3,055**	3,520
Total provisions	**7,497**	10,011

Self-insurance

The amounts represent a provision for ongoing legal claims brought against the company by customers and employees in the normal course of business. Owing to the nature of our business, we expect to have a provision for outstanding employee and public liability claims on an ongoing basis.

Onerous lease

The amount represents a provision for future rent payments on sites which are not expected to generate sufficient profits to cover rents. Also included in this provision are amounts in respect of sublet properties for which rent is not fully recovered. This provision is expected to be utilised over a period of up to 27 years.

Certain comparative figures have been regrouped to reflect the nature of the transactions, in accordance with IAS 37 – provisions. The onerous lease provision was previously reflected within other liabilities and other payables, while the self-insurance provision was previously reflected within accruals and deferred income.

22 Financial instruments

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

Maturity profile of financial liabilities

	Within 1 year £000	1–2 years £000	2–3 years £000	3–4 years £000	4–5 years £000	More than 5 years £000	Total £000
At 27 July 2014							
Bank loans	14,543	14,543	14,543	609,881	–	–	653,510
Finance lease obligations	2,801	2,101	–	–	–	–	4,902
Trade and other payables	200,749	–	–	–	–	–	200,749
Derivatives	13,887	12,098	4,949	4,830	12,819	35,937	84,520

	Within 1 year £000	1–2 years £000	2–3 years £000	3–4 years £000	4–5 years £000	More than 5 years £000	Total £000
At 28 July 2013							
Bank loans	12,450	12,450	518,425	–	–	–	543,325
Finance lease obligations	5,949	2,801	2,101	–	–	–	10,851
Trade and other payables	164,167	–	–	–	–	–	164,167
Derivatives	19,341	13,892	12,137	6,873	6,795	2,007	61,045

At the balance sheet date, the company had loan facilities of £690 million (2013: £575 million) as detailed below:

- Unsecured revolving-loan facility of £670 million
  - Matures March 2018
  - Nine participating lenders

- Overdraft facility of £20 million

The company has hedged its interest-rate liabilities to its banks by swapping the floating-rate debt into fixed-rate debt which fixed £400 million of these borrowings at rates of between 5.25% and 5.52%. The effective weighted average interest rate of the swap agreements is 5.33% (2013: 5.33%), fixed for a weighted average period of 0.9 years (2013: 1.9 years).

In addition, the company has entered into forward-starting interest-rate swaps as detailed in the table below.

Weighted average by swap period:

Total swap value £m	From	To	Weighted average interest %
400	Current	19/09/2014	5.33
350	20/09/2014	11/11/2014	5.30
400	12/11/2014	30/07/2016	3.53
400	31/07/2016	30/07/2018	2.19
400	31/07/2018	30/07/2021	3.74
150	31/07/2021	30/07/2023	3.82

At the balance sheet date, £600 million (2013: £510 million) was drawn down under the £670-million unsecured-term revolving-loan facility. The amounts drawn under this agreement can be varied, depending on the requirements of the business. It is expected that the draw-down required by the company will not drop below £400 million for the duration of the interest-rate swaps detailed above.

22 Financial instruments continued

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

	2014 £000	2013 £000
Analysis of interest-rate profile of the financial liabilities		
Floating-rate borrowings	**184,167**	93,799
Fixed-rate borrowings:		
– bank loans	**400,000**	400,000
– finance lease obligations	**4,699**	10,251
	588,866	504,050

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

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

The company does not have a specific measure for managing capital structure; instead, the company plans its capital requirements and manages its loans, dividends and share buybacks accordingly. The company measures loans using a ratio of net debt to EBITDA which was 3.21 times (2013: 2.88 times) at the year end.

Section 2 on pages 43 and 44 discusses the financial risks associated with financial instruments, including credit risk and liquidity risk.

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

	2014 £000	2013 £000
Within one year	**2,801**	5,949
In the second to fifth year, inclusive	**2,101**	4,902
	4,902	10,851
Less future finance charges	**(203)**	(600)
Present value of lease obligations	**4,699**	10,251
Less amount due for settlement within one year	**(2,801)**	(5,949)
Amount due for settlement during the second to fifth year, inclusive	**1,898**	4,302

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

22 Financial instruments continued

Fair values

In some cases, payments which are due to be made in the future by the company or due to be received by the company have to be given a fair value.

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

	2014 Book value £000	2014 Fair value £000	2013 Book value £000	2013 Fair value £000
Loans and receivables				
Cash and cash equivalents	**32,315**	**32,315**	29,837	29,837
Receivables	**2,568**	**2,568**	2,567	2,567
Financial liabilities at amortised cost				
Trade and other payables	**(200,749)**	**(200,749)**	(164,167)	(164,167)
Finance lease obligations	**(4,699)**	**(4,751)**	(10,251)	(10,366)
Long-term borrowings	**(584,167)**	**(616,384)**	(493,799)	(523,011)
Derivatives used for hedging				
Interest-rate swaps liabilities: cash flow hedges	**(31,889)**	**(31,889)**	(44,045)	(44,045)
Interest-rate swaps assets: cash flow hedges	**1,723**	**1,723**	–	–

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

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

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

Interest-rate swaps

At 27 July 2014, the company had fixed-rate swaps designated as hedges of floating-rate borrowings. The floating-rate borrowings are interest-bearing borrowings at rates based on LIBOR, fixed for periods of up to one month.

The interest-rate swaps of the floating-rate borrowings were assessed to be effective; a cumulative net loss of £30,166,000 (2013: a loss of £44,045,000), with a deferred tax credit of £6,033,000 (2013: a credit of £8,809,000), relating to the hedging instrument, is included in equity. A credit of £13,879,000 (2013: credit of £21,984,000) before deferred tax for the year is reflected in equity.

Fair value of financial assets and liabilities

IFRS 7 requires disclosure of fair value measurements by level, using the following fair value measurement hierarchy:

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

The fair value of the interest-rate swaps of £30.2 million is considered to be level 2. All other financial assets and liabilities are measured in the balance sheet at amortised cost.

22 Financial instruments continued

Offsetting financial assets and financial liabilities

	Gross amounts of recognised financial liabilities £000	Gross amounts of recognised financial assets set off in the balance sheet £000	Net amounts of financial liabilities presented in the balance sheet £000	Related amounts not set off in the balance sheet: Financial Instruments £000	Related amounts not set off in the balance sheet: Net Amount £000
As at 27 July 2014					
Interest-rate swap	31,889	–	31,889	(284)	31,605
Long-Term Borrowings	603,185	(19,018)	584,167	–	584,167
Trade payables	130,476	–	130,476	–	130,476
Total	**765,550**	**(19,018)**	**746,532**	**(284)**	**746,248**
As at 28 July 2013					
Interest-rate swap	44,045	–	44,045	–	44,045
Long-Term Borrowings	528,301	(34,502)	493,799	–	493,799
Trade payables	100,721	(1,181)	99,540	–	99,540
Total	**673,067**	**(35,683)**	**637,384**	**–**	**637,384**

	Gross amounts of recognised financial assets £000	Gross amounts of recognised financial liabilities set off in the balance sheet £000	Net amounts of financial assets presented in the balance sheet £000	Related amounts not set off in the balance sheet: Financial Instruments £000	Related amounts not set off in the balance sheet: Net Amount £000
As at 27 July 2014					
Interest-rate swap	1,723	–	1,723	(284)	1,439
Other receivables	2,703	(135)	2,568	–	2,568
Total	**4,426**	**(135)**	**4,291**	**(284)**	**4,007**
As at 28 July 2013					
Interest-rate swap	–	–	–	–	–
Other receivables	2,567	–	2,567	–	2,567
Total	**2,567**	**–**	**2,567**	**–**	**2,567**

23 Other liabilities

	2014 £000	2013 £000
Operating lease incentives	**13,530**	12,710
Amount held in respect of gaming machine settlement under appeal by HMRC	**–**	14,947
Other liabilities	**13,530**	27,657

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

The weighted average period to maturity of operating lease incentives is 13.2 years (2013: 14.6 years).

The amount due to HMRC in respect of the company's gaming machine VAT claim was repaid during the year.

Certain comparative figures have been regrouped to reflect the nature of the transactions, in accordance with IAS 37 – provisions. The onerous lease provision was previously reflected within other liabilities.

24 Financial commitments

About 54% of the company's pubs are leasehold. New leases are normally for 30 years, with a break clause after 15 years. Most leases have upwards-only rent reviews, based on open-market rental at the time of review, but most new pub leases have an uplift in rent which is fixed at the start of the lease.

The minimum aggregate contractual operating lease commitments fall due as follows:

Land and buildings	2014 £000	2013 £000
Within one year	**67,083**	62,760
Between one and five years	**252,484**	240,285
After five years	**841,857**	855,247
	1,161,424	1,158,292

The company has some lease commitments, with rentals determined in relation to sales. An estimate of the future minimum rental payments under such leases of £67 million (2014: £63 million) is included above.

The company has sublet certain units or receives a rental income with respect to properties with space ancillary to that of the pub. The minimum aggregate contractual operating lease rentals due to the company are as follows:

Land and buildings	2014 £000	2013 £000
Within one year	**1,773**	1,237
Between one and five years	**6,234**	4,452
After five years	**9,566**	8,150
	17,573	13,839

25 Capital commitments

The company had £3.0 million of capital commitments, relating to the purchase of three sites, for which no provision had been made, in respect of property, plant and equipment, at 27 July 2014 (2013: £nil).

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

26 Related-party disclosures

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

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

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

All of these companies are dormant and contain no assets or liabilities and are, therefore, immaterial. As a result, consolidated accounts have not been produced.

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

Key management compensation

	2014 £000	2013 £000
Short-term employee benefits	**2,763**	2,824
Post-employment pension benefits	**193**	179
Other long-term benefits	**765**	1,636
	3,721	4,639

Key management comprises the executive directors and management board, as on page 50.

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

Directors’ interests in employee share plans
Details of the shares held by executive members of the board of directors are included in the remuneration report on pages 53 to 61 which forms part of these financial statements.

27 Share capital

	Number of shares 000s	Share capital £000
At 29 July 2012	126,036	2,521
Allotments	–	–
Repurchase of shares	–	–
At 28 July 2013	126,036	2,521
Allotments	–	–
Repurchase of shares	(3,068)	(61)
At 27 July 2014	**122,968**	**2,460**

The total authorised number of 2p ordinary shares is 500 million (2013: 500 million). All issued shares are fully paid. In the year, there were no proceeds from the issue of shares (2013: £nil).

During the year, 3,068,088 shares were purchased by the company for cancellation, representing approximately 2.4% of the issued share capital, at a cost of £24.6 million, including stamp duty, representing an average cost per share of 800p.

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

28 Events after the balance sheet date

There were no significant events after the balance sheet date.

AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRSs

The financial statements of J D Wetherspoon plc ('the Company') for the year ended 27 July 2014 were authorised for issue by the board of directors on 11 September 2014, and the balance sheet was signed on the board's behalf by J Hutson and K Davis. J D Wetherspoon plc is a public limited company, incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

The Company's financial statements have been prepared in accordance with the EU-endorsed IFRSs and IFRSIC (IFRS Interpretations Committee) interpretations as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under IFRS. The principal accounting policies adopted by the Company are set out on pages 39 to 42.

Basis of preparation

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

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 27 July 2014. These policies have been consistently applied to all of the years presented, unless otherwise stated.

Important estimates and judgements

Estimates and judgements are based on historical experience and other factors, including expectations of future events which are believed to be reasonable and constitute management's best judgement at the date of the financial statements. Actual experience may differ from these estimates. Complex areas on judgement or estimates involving sums which are significant to the accounts are disclosed below.

Impairment of property, plant and equipment

The Company determines whether a trading pub should be impaired by comparing its net book value with future cash flows ('value in use'), having made certain assumptions about sales, costs and profit and applying a pre-tax discount rate for future years of 9%.

Pubs and pub sites which the Company intends to sell, or might sell, are impaired if the expected net sale proceeds ('fair value') are less than the book value.

Fair value (less the costs of selling the assets) is determined using external and internal estimates of the value of the Company's pubs.

The value in use is calculated using the estimated earnings and cash flows derived by management estimates and applying a suitable pre-tax discount rate to these cash flows.

At each reporting date, the Company assesses whether an asset may be impaired.

Any changes in the level of forecast earnings or cash flows, the discount rate applied to those or the estimate in sale proceeds/fair value could give rise to an additional or reduced impairment provision.

If a previously recognised impairment loss is reversed, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount which would have been determined, net of depreciation, had no impairment loss been recognised for the asset in previous years. After such a reversal, the depreciation charge is adjusted in future periods, to allocate the asset's revised carrying amount, less any residual value, over its remaining useful life.

Onerous leases

A provision for onerous leases is made for pubs for which future trading profits, or income from subleases, are not expected to cover rent. The provision takes several factors into account, including the expected future profitability of the pub and the amount estimated as payable on surrender of the lease, where this is a possible outcome.

Hedging

The Company adopts hedge accounting, meaning that the effective portion of the changes in the fair value of the derivatives is dealt with in other comprehensive income. Any gain or loss relating to the ineffective portion would be recognised immediately in the income statement.

The Company makes assumptions on the requirements for future borrowings, as well as future interest rates, when assessing the effectiveness of interest-rate swaps. Changes in the forecast amount of future borrowings or interest rates may result in all or part of the gain or loss, which was originally reported in equity, being transferred to the income statement.

Exceptional items

A degree of judgement is required in determining whether certain transactions merit separate presentation to allow shareholders to better understand financial performance in the year, when compared with previous years and trends.

Taxation

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

Segmental reporting

The Company operates one type of business (pubs) in the United Kingdom and the Republic of Ireland. Given the immaterial size of the Company's hotel business and trading presence in the Republic of Ireland, these have not been separately disclosed as a business segment.

Exceptional items

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

Property, plant and equipment
Property, plant and equipment is stated at cost or deemed cost, less accumulated depreciation and any impairment in value.

Cost of assets includes acquisition costs, as well as other directly attributable costs in bringing the asset into use.

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

Freehold land is not depreciated.

Freehold and long-leasehold buildings are depreciated to their estimated residual values over 50 years.

Short-leasehold buildings are depreciated over the lease period.

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

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

Residual values and useful economic lives are reviewed and adjusted, if appropriate, at each balance sheet date.

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

Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

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

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

Computer software, including related development and implementation costs – three to 10 years.

The carrying value of intangible assets is reviewed annually for impairment, in case there has been an event or change in circumstances indicating that the carrying value may not be recoverable.

Investment property
Freehold properties which are held primarily to derive a rental income and for which there is no immediate intention to develop into Wetherspoon pubs, are classified as investment properties.

These properties are stated at cost less accumulated depreciation and any impairment in value and are depreciated in line with the accounting policy for freehold land and buildings.

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

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

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

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

Revenue recognition
Revenue recognised at the time of sale is the fair value of bar, food, slot machine and hotel room sales, after deducting discounts and sales-based taxes.

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

Leases where the lessor retains substantially all of the asset's risks and benefits of ownership are classified as operating leases. If the operating lease is subject to fixed uplifts over the term of the lease, rental payments are charged to the income statement on a straight-line basis, over the period of the lease, in line with adopted accounting standards. If the operating lease is subject to open-market rents, rental payments are charged at the prevailing rates.

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

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

Borrowing costs
Borrowing costs are recognised as an expense in the period in which they are incurred, unless the requirements by the adopted accounting standards for the capitalisation of borrowing costs relating to assets are met.

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

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

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

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

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

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

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

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

Financial assets
The Company classifies its financial assets as loans and receivables. The Company has no assets which would fall into a category outside of loans and receivables.

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

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

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

Financial liabilities
The Company classifies its financial liabilities as other financial liabilities. The Company currently has no liabilities which would fall outside of this category, with the exception of interest-rate swaps which are described below in the section dealing with hedging and are classified as fair value through profit and loss.

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

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

Bank loans and borrowings
Interest-bearing bank loans and other borrowings are recorded initially at fair value of consideration received,

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

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

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

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

Interest-rate swaps
Interest-rate swaps are classified as hedges where they hedge exposure to cash flow variability in interest rates.

For interest-rate swaps, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement within 'fair value gain/loss on financial derivatives'. Amounts taken to equity are transferred to the income statement only when the hedged transaction is assessed to be ineffective, when considering the Company's forecast debt levels for the period of time for which the swaps are in place.

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

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

Retirement benefits
Contributions to personal pension schemes are recognised in the income statement in the period in which they fall due. All contributions are in respect of a defined contribution scheme. The Company has no future payment obligations, once the contributions have been paid.

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

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

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

The cost of the awards in respect of these plans is measured by reference to the fair value at the date at which they are granted and is amortised as an expense over the vesting period. In valuing these transactions, no account is taken of any vesting conditions, other than market conditions linked to the price of the shares of the Company.

The Company currently has no other share-based transactions.

Standards, amendments and interpretations effective in the current year which will have a minimal impact on the financial statements of the Company:

- IFRS 13 'Fair value measurement'
- Annual Improvements 2011
- Amendment to IAS 12 'Income taxes', on deferred tax

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

- Amendment to IAS 19 'Employee benefits'
- Amendment to IFRS 1 'First-time adoption', on government loans
- Amendment to IFRS 7 'Financial instruments: Disclosures', on asset- and liability-offsetting
- IFRIC 20 'Stripping costs in the production phase of a surface mine'
- Amendment to IFRS 1 'First-time adoption on hyperinflation and fixed dates'

Strategy
The Company's strategy is to acquire freehold and leasehold buildings and to obtain the necessary permissions to convert them into Wetherspoon pubs. The buildings are normally in or near town centres or in suburban locations. Our aim is to increase like-for-like sales, profits and earnings per share.

Our strategy is to seek a return on capital in excess of the cost of the capital which will provide profit for new pub developments, dividends and funds for reinvestment in the existing business.

Business model
Wetherspoon owns and operates pubs throughout the UK and aims to sell high-quality products, at reasonable prices, in attractive and well-maintained premises. The Company aims to make lots of small improvements to its pubs, once they are open, so that sales and profit are maintained or improved.

The Company aims to recruit and retain a high standard of employee, partly by allocating a considerable percentage of profit as bonuses to pub employees and partly through a number of training programmes which help to achieve these objectives.

Business review and future trends
A review of the Company's business and the key measures of its performance, sometimes called key performance indicators (KPIs), can be found in the chairman's statement, under the financial performance section. The chairman's statement also discusses trends and factors likely to affect the future development, performance and position of the Company.

Environment and human rights
As regards human rights, our policy is to observe a wide range of legislation, designed to encourage and promote equal opportunities and protect human rights. Wetherspoon's main contribution in this area relates to creating jobs for large numbers of people, paying a reasonable percentage of its profits as bonus for those working in our pubs and head office, training large numbers of staff and paying a significant percentage of our sales as taxes to the government. All of these factors help to create income for employees and the government, contributing directly and indirectly to the promotion of human rights.

Further information about the Company's environmental, employee and social policies is published on the Company's website: www.jdwetherspoon.co.uk

Employee diversity
The table below shows the breakdown of directors, senior managers and employees.

	Male	Female
Directors	5	3
Senior managers	801	525
All employees	16,720	17,697

Principal risks and uncertainties facing the Company
In the course of normal business, the Company continually assesses significant risks faced and takes action to mitigate their potential impact.

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

Strategic risks

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

Regulation of the sale of alcohol
The pub business is highly regulated, with frequent increases in alcohol duty and other taxes – a feature of the industry for many decades.

Commercial risks

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

Operational risks

Health and safety
The Company endeavours to ensure that all reasonable standards of health and safety are met, by trying to identify risks and taking action to avert problems.

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

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

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

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

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

Financial risks

Capital risk management
The Company aims to maintain reasonable levels of capital and debt.

Debt always involves risk, although the Company has always been able to fulfil its obligations under its loan agreements. Sales, profitability, debt requirements and cash flow are reviewed weekly by a team which includes the chairman, chief executive, finance director and senior finance managers.

Interest-rate risk
The Company has dealt with the risks of an increase in interest rates by swapping the majority of its floating-rate borrowings into fixed rates which expire in 2023 (see note 22).

During the 52 weeks ended 27 July 2014, if the interest rates on UK-denominated borrowings had been 1% higher, with all other variables constant, pre-tax profit for the year would have been reduced by £1,473,000 and equity increased by £28,188,000. The movement in equity arises from a change in the 'mark to market' valuation of the interest-rate swaps into which the Company has entered, calculated by a 1% shift of the market yield curve. The Company considers that a 1% movement in interest rates represents a reasonable sensitivity to potential changes. However, this analysis is for illustrative purposes only.

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

At the balance sheet date, the Company was exposed to a maximum credit risk of £2.5 million, of which £0.6 million was overdue.

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

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

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

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

By order of the board

Kirk Davis
Company Secretary
11 September 2014

Report on the financial statements

Our opinion

In our opinion, J D Wetherspoon plc's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 27 July 2014 and of its profit and cash flows for the 52 weeks then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

J D Wetherspoon plc's financial statements comprise:

- the balance sheet as at 27 July 2014;
- the income statement and statement of comprehensive income for the 52 weeks then ended;
- the statement of cash flows for the 52 weeks then ended;
- the statement of changes in equity for the 52 weeks then ended;
- a summary of significant accounting policies; and
- the notes to the financial statements and other explanatory information.

Certain required disclosures have been presented elsewhere in the annual report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

Our audit approach

Materiality ■ Overall materiality: £3.95 million which represents 5% of profit before tax and before exceptional items.
Audit scope ■ The Company comprises one legal entity in the UK with an immaterial branch in the Republic of Ireland and, accordingly, our audit is focused on J D Wetherspoon plc in the UK. No significant work is performed on the Republic of Ireland branch as a standalone entity, owing to its immateriality.
Areas of focus ■ Impairment of property, plant and equipment ■ Provision for onerous leases ■ Determination of deferred tax liabilities ■ Exceptional items

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that may represent a risk of material misstatement due to fraud, which we believe is important to address in all audits.

The risks of material misstatement which had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'Areas of focus' in the table below together with an explanation of how we tailored our audit to address these specific areas. This is not a complete list of all risks or areas of focus identified by our audit.

Area of focus	How our audit addressed the area of focus
Impairment of property, plant and equipment The Company has a large portfolio of pubs with a net book value of £1.1 billion. Given the size of the amounts capitalised and the risk attendant with any sizeable retail business that some units may prove to be unprofitable, we focused on the assessment made by management of any impairment of property, plant and equipment required at an individual pub level.	We assessed management's impairment paper and underlying analysis and challenged the assumptions adopted by management in performing its review. These included discount rates and individual pub profitability forecasts. We tested the profitability forecast on an individual pub basis and focused our detailed work on those pubs which had either previously been impaired or where anticipated future cash flows suggested that a potential impairment may be required. We used our own specialised knowledge in this area and external market data to assess the appropriateness of the discount rate used. We tested management's budgeting accuracy in respect of individual pub budgeted profit for the 2014 year end for evidence of the reliability of the Company's budgeting process. We tested, with reference to the entire pub estate, that all pubs which initial assessments identified as potentially not generating sufficient cash to cover the capital base, were subject to more detailed scrutiny. We discussed the action plans in place and evaluated the reasonableness of those plans, where possible, for underperforming pubs where no impairment had been booked. We also tested whether the required pub profitability improvement had ever been attained by the relevant pub historically. In instances where pubs had been sold, or surrender premiums agreed, we agreed this back to third-party documentation.
Provisions for onerous leases Of the portfolio of pubs noted in the area of focus above, a large number is leasehold and, as a result, the company is committed to significant future lease payments as set out in note 24 to the financial statements. Accounting standards require that a provision be made for future lease obligations where the cost of those obligations exceeds the economic benefits expected to be received under the lease. In the case of the Company's leasehold pubs, there is a risk that underperforming pubs may not be able to meet their future lease obligations and, as a result, require an onerous lease provision. We focused on this area because of the size of the leasehold portfolio, the significant judgements involved in identifying which pubs require a provision and the estimates involved in the calculation of the provision, including estimation of future cash flows at each pub and appropriate discount rates.	We checked that all pubs in the portfolio were considered in the process which management used to identify pubs which were potentially subject to onerous leases. We tested details of rental obligations to rental agreements for a sample of pubs in order to assess whether the rental commitments used by management in its calculations were appropriate. We checked the calculations used by management to identify pubs where indications existed, for individual pubs, that future profits may not cover future lease commitments associated with the related pub. We challenged management on the process used to identify pubs that potentially required an onerous lease provision, by looking at past results and the reliability of profit forcasts by reference to historical accuracy of forecasts at an individual pub level. Where a provision extended over a number of years, we tested the calculation of the net present value of future cash flows and assessed the discount rate used for appropriateness by comparing it with the Company's marginal borrowing rate. We checked the adequacy of the disclosures in the financial statements, in relation to onerous lease provisions.

Area of focus	How our audit addressed the area of focus
Determination of deferred tax liabilities The Company spends a significant amount on an annual basis on improving and enhancing its portfolio of pubs. In recent years, discussions have been ongoing with HMRC as to which items of expenditure would be deemed to be qualifying for capital allowance purposes in relation to a number of years where tax computations were still open. The determination as to which items of expenditure were accepted by HMRC as qualifying for capital allowance purposes was expected to have a direct impact on the determination of the deferred tax liability that the Company recorded. Given the amounts involved and that there was some uncertainty as to what would be agreed with HMRC, management's assessment of deferred tax balances was an area of focus.	We challenged management's calculations in order to determine whether assumptions on disallowable expenditure used were consistent with HMRC correspondence. We analysed correspondence between the company and HMRC setting out details of the agreement reached in the current year in respect of items to be deemed to represent qualifying expenditure for capital allowance purposes. We then checked the data used by management to determine a revised assessment of the deferred tax liability following a true up of open computations, for years subject to the agreement with HMRC, with the amounts recorded in the financial statements. As part of this work, we assessed advice received by the company from their tax advisors and rechecked the arithmetic computations performed by management to calculate the liability. We also considered the appropriateness of reflecting the adjustment arising as an exceptional item and discussed with management the disclosures recorded in the financial statements in relation to this item.
Exceptional items The financial statements include certain items which are disclosed as exceptional. We focused on this area because exceptional items are not defined by IFRSs as adopted by the European Union and it therefore requires judgment by the directors to identify such items. Consistency in identifying and disclosing items as exceptional is important to maintain comparability of the results year on year.	We tested the presentation of the exceptional items in the financial statements by assessing whether the classification was in line with the Company's accounting policy on exceptional items set out on page 39 of the financial statements. We also assessed the appropriateness of this policy. There were two exceptional items in the year: the interest due to HMRC, following the 'Rank' High Court decision of October 2013, in respect of gaming machines; and the prior year tax adjustment resulting from the settlement of the long running capital allowances case with HMRC.

How we approached the audit scope
The company comprises one legal entity in the UK, with an immaterial branch in the Republic of Ireland; therefore, there was no significant judgement, from a geographical perspective, in the scoping of the audit, as all of the audit work was performed in the UK by the UK engagement team.

In establishing the overall approach to the audit, we determined the type of work that needed to be performed on the individual financial statement line items, depending on risk assessment and materiality.

Materiality
The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality £3.95 million (2013: £3.85 million)
How we determined it 5% of profit before tax and before exceptional items
Rationale for benchmark applied Given the company is a profit orientated business, we believe that profit before tax, adjusted for exceptional items, provides us with a consistent year on year basis for determining materiality, by eliminating the non-recurring disproportionate impact of these items.

We agreed with the Audit Committee that we would report to them misstatements above £200,000 (2013: £200,000), identified during our audit, as well as misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Going concern
Under the Listing Rules we are required to review the directors' statement, set out on pages 51 and 52, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit, we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinions
In our opinion:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 62 to 67 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion:
■ Information in the annual report is: □ materially inconsistent with the information in the audited financial statements; or □ apparently materially incorrect, based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or □ is otherwise misleading. We have no exceptions to report arising from this responsibility.
■ the statement given by the directors on page 52, in accordance with Code Provision C.1.1, that they consider the annual report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit. We have no exceptions to report arising from this responsibility.
■ the section of the Annual Report on page 64, as required by Code Provision C.3.8, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee. We have no exceptions to report arising from this responsibility.

Adequacy of information and explanations received
Under the Companies Act 2006, we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006, we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement
Under the Companies Act 2006, we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules, we are required to review the part of the corporate governance statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the directors' responsibilities statement set out on page 51, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements, in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all of the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information which is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 September 2014

(a) The maintenance and integrity of the J D Wetherspoon plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes which may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS, OFFICERS AND ADVISERS

Tim Martin Chairman, aged 59

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

John Hutson Chief Executive Officer, aged 49

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

Kirk Davis Finance Director and Company Secretary, aged 43

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

Su Cacioppo Personnel and Legal Director, aged 47

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

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

Elizabeth McMeikan Senior Independent Director, aged 52

Appointed to the board in 2005 and is a member of the audit, remuneration and nomination committees. She is a graduate of Cambridge University. She is a non-executive director of UNITE plc, Flybe plc and chairs the Moat Housing Association. She also sits on the board of two privately owned companies.

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

Debra van Gene Non-Executive Director, aged 59

Appointed to the board in 2006 and is the remuneration committee chair and a member of the audit and nomination committees.

Debra is also a Lay Commissioner with the Judicial Appointments Commission. She previously held senior board positions in privately held communications companies, before joining the executive search industry. She was a partner at Heidrick and Struggles Inc and ran her own executive search firm. She is a graduate of Oxford University.

Sir Richard Beckett Non-Executive Director, aged 70

Appointed to the board in 2009 and is the nomination committee's chair and a member of the audit and remuneration committees. He was called to the bar in 1965 and took silk in 1987. He was one of the pre-eminent practitioners in regulatory and licensing matters.

Mark Reckitt Non-Executive Director, aged 56

Appointed to the board in May 2012 and is the audit committee's chair and a member of the remuneration and nomination committees. He is a non-executive director of Cranswick plc. He was group strategy director at Smiths Group plc from February 2011 to April 2014. Before joining Smiths, he was chief strategy officer at Cadbury plc, during 2004–2010, and held a range of strategy and finance roles at Cadbury since joining in 1989, including UK finance director. Before joining Cadbury, he spent six years in investment banking and retailing, after qualifying as a chartered accountant in 1983.

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

David Capstick IT and Property Director, aged 53

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

Martin Geoghegan Operations Director, aged 45

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

Paul Hine Director of Purchasing and Logistics, aged 42

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

Miles Slade Deputy Operations Director, aged 33

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

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

Company number
1709784

Registrars
Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 6ZY

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Solicitors
Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Bankers
Abbey National Treasury Services plc
Bank of Tokyo-Mitsubishi UFJ
Barclays Bank plc
BNP Paribas
Crédit Industriel et Commercial
HSBC Bank plc
Lloyds Bank plc
Mediobanca International (Luxembourg) SA
The Royal Bank of Scotland plc

Financial advisers
Investec Bank plc

Stockbrokers
Investec Bank plc

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page 50.

Dividends
The board proposes, subject to shareholders' consent, to pay a final dividend of 8.0p (2013: 8.0p) per share, on 27 November 2014, to those shareholders on the register on 24 October 2014, giving a total dividend for the year of 12.0p per share.

Return of capital
At the annual general meeting of the Company, held on 28 November 2013, the Company was given authority to make market purchases of up to 18,892,841 of its own shares. During the year to 27 July 2014, 3,068,088 shares were purchased, with a nominal value of £61,362 for a total consideration of £24.6 million, including stamp duty. This represented 2.4% of the called-up share capital.

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

Takeover directive disclosures
The Company has an authorised share capital comprising 500 million ordinary shares of 2p each. As at 27 July 2014, the total issued share capital comprised 122,968,208 fully paid-up shares of 2p each. The rights to these shares are set out in the Company's articles of association. There are no restrictions on the transfer of these shares or their attached voting rights.

Details of significant shareholdings at year end and as at 12 August 2014 are given on page 68.

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

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

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

The Company has the power to issue and buy back shares as a result of resolutions passed at the annual general meeting in 2013. It is the Company's intention to renew these powers; the resolutions approving them are found in the notice of the annual general meeting for 2014.

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

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

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

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

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

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

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

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

The directors consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide that information necessary for shareholders to assess the Company's performance, business model and strategy.

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

- the Company's financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company.

- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties which it faces.

- so far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware.

- he or she has taken all steps which he or she ought to have taken as a director, in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' indemnities
As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision, as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained, throughout the financial year, directors and officers' liability insurance, in respect of itself and its directors.

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

Greenhouse gas (GHG) emissions
The table below shows the Company's annual CO_2 emissions

GHG Emissions	Unit	Quantity
Scope 1	Tonnes CO_2e	49,251
Scope 2	Tonnes CO_2e	163,930
Intensity	Tonnes CO_2e / £m revenue	151.3

- Conversion factors for electricity and gas are those published by the Department for Environment, Food and Rural Affairs.

- Reported data is in respect of the year ended 31 March 2014, to align with the period under which carbon emissions are reported.

- Scope 1 emissions result from the combustion of gas; scope 2 emissions result from the purchase of electricity.

- Refrigerant emissions from our pubs are not reported, as they are immaterial.

Events after the reporting period
The details of events after the reporting period can be found in note 28 on page 37.

By order of the board

Kirk Davis
Company Secretary
11 September 2014

Annual statement

Dear shareholder

As a result of changes to the Companies Act which came into force on 1 October 2013, there are several changes to the reporting of directors' remuneration. This report incorporates these changes.

The executive board composition remained unchanged this year.

The chief executive's base salary was increased by 2.5%. This compares with a weighted average of 2.6% for all employees.

The remuneration committee decided to increase, by 11%, the salary of both the finance director and the personnel and legal director, in view of their increased seniority and contribution.

There was no change to the annual cash bonus scheme, which paid out 9.7% this year, or to the SIP scheme, under which directors received an amount equivalent to 25% of their salary in shares.

The remuneration committee proposes changes to the calculation of the deferred bonus scheme this year. To date, this award of shares has been based on 'owners' earnings' (as defined in the future policy table on the following page). However, as the average age of our pub estate increases, excessive reliance on this measure may act as an incentive to underinvest in our pubs. The committee proposes, therefore, to include a measurement based on earnings per share in the calculation of this award and to base the award on 2.5% of salary for every 1% increase in owners' earnings, plus 2.5% of salary for every 1% increase in earnings per share. The award remains capped at 100%. This year, the award to directors under the scheme will be 12.3% of their salary in shares.

We believe that our executive bonus system continues to be fair and reasonable and that the proposed changes are modest and in keeping with the principles of sensible management.

Further details are set out below, with shareholders invited to approve this report at the AGM on 13 November 2014.

Debra van Gene
Chair of the Remuneration Committee
11 September 2014

Remuneration policy

The committee reviews the executive directors' remuneration packages at least annually. The aim of the remuneration policy is to:

- provide attractive and fair remuneration for directors.
- align directors' long-term interests with those of shareholders, employees and the wider community.
- incentivise directors to perform to a high level.

In agreeing on remuneration, account is taken of the pay levels at Wetherspoon, as well as those in the leisure industry in general, along with other comparisons and reports. The committee aims to take a fair and commonsense approach.

This policy comes into force on the date of the AGM, 13 November 2014. The elements of the remuneration package of each executive director are as follows:

Component	Reason	Operation, maximum achievable and performance criteria
Base salary	Provide attractive and fair remuneration for directors.	Salaries are reviewed at least annually, with any changes normally taking effect from 1 October each year. Salary increases are awarded at the discretion of the remuneration committee. When considering salary levels and whether an increase should be offered, the committee takes account of a variety of factors, including company performance, individual performance, experience and responsibilities, market information and the level of increase being offered to other employees.
Benefits	Provide attractive and fair remuneration for directors.	A range of taxable benefits is available to executive directors. These benefits comprise principally the provision of a car allowance, life assurance, private medical insurance and fuel expenses. The cost of benefits provided changes in accordance with market conditions. The committee monitors the overall cost of the package periodically.
Pension	Provide attractive and fair remuneration for directors.	The Company does not operate any defined benefit pension schemes. Contributions of 12% of base salary are made by the Company to a Company stakeholder pension scheme. If directors expect to reach their lifetime allowance under HMRC rules, they are able to opt out of the stakeholder pension scheme and receive an equivalent salary supplement instead. In addition, any contributions above the annual HMRC-approved threshold are paid as a salary supplement. This is reviewed annually by the remuneration committee.
Annual bonus plan	Incentivise directors to perform to a high level.	Annual bonus payments are paid in cash, at the discretion of the remuneration committee. The maximum bonus potential is 50% of salary. The major part of the bonus is based on profit growth, multiplied by a factor of 1.5 and paid to a maximum of 45% of salary. Profit growth is calculated on profit before tax and exceptional items. In addition, a further 5% is awarded for carrying out a set number of calls on our pubs per month, in order to monitor service and other standards.

Component	Reason	Operation, maximum achievable and performance criteria
Share Incentive Plan (SIP)	Align directors' long-term interests with those of shareholders, employees and the wider community.	The SIP (an HMRC-approved scheme) allocates shares equivalent to 5% of salary to all Company employees after an 18-month qualifying period. Shares do not vest for at least three years under this plan – and tax-free returns are possible, if the shares are held for five years or more. The Company offers extra SIPs under this scheme to some employees: pub managers receive an extra 5% annual award; head-office staff 10–15%; senior managers and directors, including executive board directors, 20%. In addition, an executive director may purchase partnership shares up to the government cap, at present £1,800 per annum. Awards under this scheme are not based on financial or other targets. The Company believes that excessive use of financial targets can lead to distortions in companies' behaviour and that it is important for there to be some share awards which can be accumulated gradually, the value of which depends on the overall success of the Company. Directors must be in office when the shares vest.
2005 Deferred Bonus Scheme	Align directors' long-term interests with those of shareholders, employees and the wider community.	Bonus awards are made under the scheme, annually, at the discretion of the remuneration committee. Bonus awards are satisfied in shares. One-third of a participant's shares will vest to the participant on calculation of the amount of the award, one-third will vest after one year and the remaining third will vest to the participant after two years (in each case subject to the participant being employed at the release date). The shares required under the scheme are purchased in the market by an employee benefit trust, funded by the Company. Bonus is awarded at a rate of 2.5% of salary for each 1% increase in owners' earnings and 2.5% of salary for each 1% increase in diluted adjusted earnings per share, based on the weighted average number of shares in issue during the period. An element of adjusted earnings per share growth (including shares held in trust) is included in this scheme, to reduce the potential volatility which may be inherent in relying purely on the owners' earnings calculation, which is heavily influenced by maintenance capital expenditure. Owners' earnings are calculated as follows: Profit before tax (excluding unrealised exceptional items) Add: Depreciation and amortisation Less: Cash reinvestment in current properties Less: Cash tax Equals: Owners' earnings The maximum bonus to be earned under the scheme is 100% of annual salary. Provisions are in place which permit the Company to reclaim awards under this scheme in exceptional circumstances of misstatement or misconduct.

Component	Reason	Operation, maximum achievable and performance criteria
Non-executive directors' fees	Provide attractive and fair remuneration for directors.	The fees paid to non-executive directors are determined by the executive board, taking into account the level of fees for similar positions in the market and the time commitment which each non-executive director makes. The non-executive directors receive no other remuneration or benefits from the Company.

Difference between policy for directors and employees
Members of the wider management team may receive each of the components of remuneration awarded to the executive directors, although the amounts due for each component may vary, depending on their level of seniority.

Non-executive directors are not entitled to any component other than fees.

The wider employee population of the Company will receive remuneration which is considered to be appropriate to their level of responsibility and performance.

Approach to recruitment remuneration
The aim, when agreeing on components of a remuneration package, including any variable pay for incoming directors, would be in accordance with the table above.

Account is taken of the individual's experience, the nature of the role being offered and his or her existing remuneration package. Relocation expenses or allowances may be paid, as appropriate.

The committee may, at its discretion, offer cash or share-based elements, as necessary, to secure an appointment, although it does not normally do so. Shareholders will be informed of any such payments at the time of appointment.

Our main principle is that payments made to prospective directors as compensation for loss of benefits at a previous company are inherently unfair, since it would be extremely rare for anyone below board level to receive this sort of compensation.

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

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

All directors will be standing for re-election at the AGM. Their current service contracts do not have an explicit expiry date.

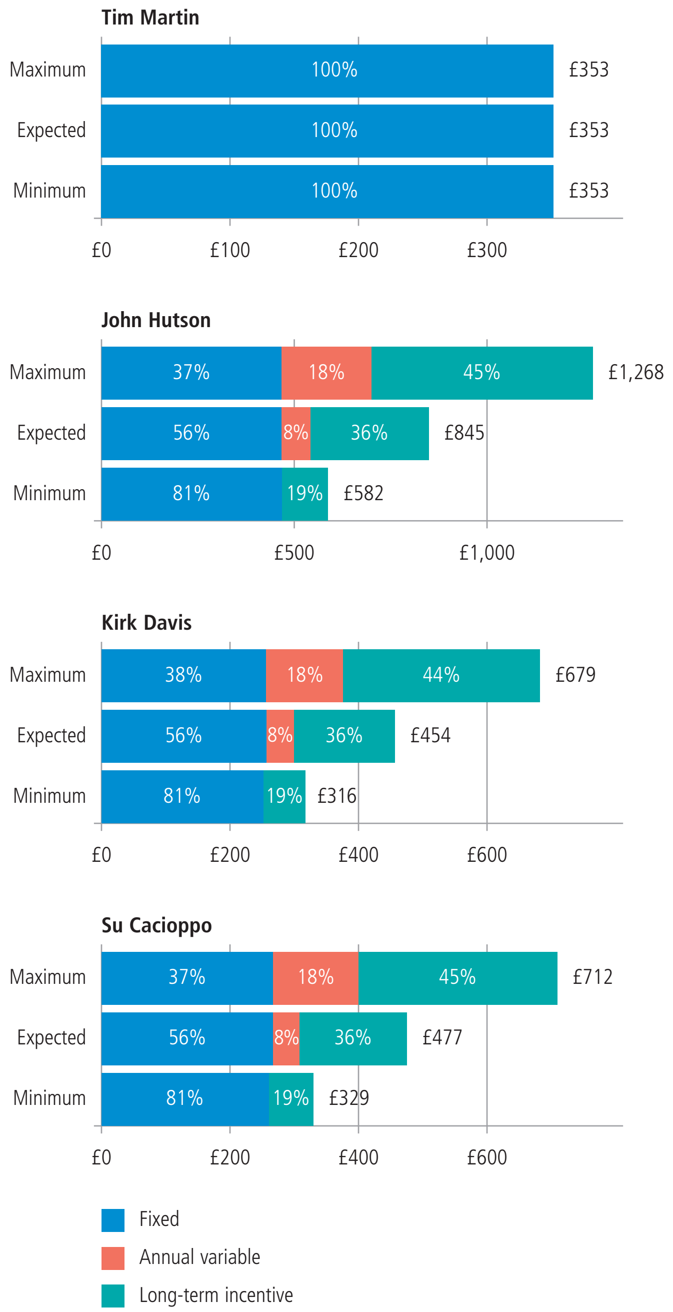
Non-executive directors
The non-executive directors hold their positions, pursuant to letters of appointment dated 1 November 2013, with a term of 12 months.

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

External appointments
Executive directors are not allowed to take external appointments without the prior consent of the Company. The Company has not released any executive directors to serve as a non-executive director elsewhere.

Illustration of the application of the remuneration policy

The charts below set out the composition of the executive directors' remuneration packages in £000, at a minimum, a reasonable expectation target and as a possible maximum:



The fixed annual values include:

- Fixed annual salary, benefits and allowances, in line with those outlined in the policy section, based on the payments made in the year ending 27 July 2014.

The annual variable values include the cash bonus which may be achievable. In the case of the 'expected', an average percentage achieved over the last five years has been used as a basis.

The long-term incentive plan values include:

- the fixed 25% awarded under the Company's Share Incentive Plan.
- an average achieved in respect of the deferred bonus scheme over the last five years.

Payments for loss of office

The Company's policy is that the period of notice for executive directors will not exceed 12 months; accordingly, the employment contracts of the executive directors are terminable on 12 months' notice by the Company or six months' notice by a director. The Company may terminate a director's employment without notice or compensation, in the event of gross misconduct.

In the event of a director's departure, the Company's policy on termination payments is as follows:

- The Company will seek to ensure that no more is paid than is warranted in each individual case.
- Salary payments will be limited to notice periods.
- There is no entitlement to bonus paid (or associated deferred shares or SIPs) following notice of termination. The committee's normal policy is that, where the individual is considered a 'good leaver', a prorated bonus may be paid.
- The Company may enable the provision of outplacement services to a departing director.

Consideration of employment conditions elsewhere in the Company

The committee receives information on salary increases, bonus payments and other benefits available in the Company. These are taken into consideration when conducting the review of executive remuneration, although no formal consultation with employees is undertaken in this regard.

Consideration of shareholders' views

Any views in respect of directors' remuneration expressed to the Company by shareholders have been, and will be, taken into account in the formulation of the directors' remuneration policy.

Details of votes cast for and against the resolution to approve last year's remuneration report and any matters discussed with shareholders during the year are provided in the annual report on remuneration.

Annual report on remuneration

The table below sets out in a single figure the total amount of remuneration, including each element, received by each director for the year ended 27 July 2014.

Single-figure table – audited

	Salary/fees		Taxable benefits		Performance bonus[2]		Long-term incentives		Pension contributions[3]		Total	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
J Hutson	453	442	22	22	44	95	168	467	54	53	741	1,079
K Davis	241	218	15	16	23	47	87	228	29	26	395	535
S Cacioppo	252	230	20	20	24	49	91	243	30	28	417	570
Executive directors	946	890	57	58	91	191	346	938	113	107	1,553	2,184
T R Martin	324	324	29	14	–	–	–	–	–	–	353	338
E McMeikan	44	41	–	–	–	–	–	–	–	–	44	41
D van Gene	44	41	–	–	–	–	–	–	–	–	44	41
R Beckett	44	41	–	–	–	–	–	–	–	–	44	41
M Reckitt	44	41	–	–	–	–	–	–	–	–	44	41
Non-executive directors and chairman	500	488	29	14	–	–	–	–	–	–	529	502
Total	**1,446**	**1,378**	**86**	**72**	**91**	**191**	**346**	**938**	**113**	**107**	**2,082**	**2,686**

1) Taxable benefits include car allowances and the provision of rail travel for Tim Martin, as well as private health and fuel expenses for executive directors.
2) A bonus of 4.7% was awarded under the profit growth element of the bonus scheme, in line with the policy. A further 5% was awarded in respect of the element for pub calls made to monitor standards, in line with the policy.
3) Executive directors receive either pension contributions equivalent to 12% of salary to the stakeholder pension plan or salary in lieu of pension contributions.
4) There have been no payments to past directors and no payments for loss of office.

Details of targets applicable during the year are disclosed in the directors' remuneration policy statement.

The resultant percentages against each of the bonus measures achieved are shown below, the percentage awards for each director are the same:

	Maximum	Awarded	J Hutson £000	K Davis £000	S Cacioppo £000
Pub calls	5.0%	5.0%	23	12	13
Profit growth	45.0%	4.7%	21	11	11
Total performance bonus	50.0%	9.7%	44	23	24
Employee share scheme	25.0%	25.0%	112	57	60
Deferred bonus scheme	100.0%	12.3%	56	30	31
Total long-term incentives	125.0%	37.3%	168	87	91
Total	175.0%	47.0%	212	110	115

Long-term incentive awards – audited

	Number of shares			Face value in £		
	Share Incentive Plan	Deferred Bonus Scheme	Total	Share Incentive Plan	Deferred Bonus Scheme	Total
J Hutson	14,006	48,501	62,507	111,870	358,037	469,907
K Davis	7,156	23,893	31,049	57,295	176,378	233,673
S Cacioppo	7,464	25,203	32,667	59,762	186,047	245,809
	28,626	97,597	126,223	228,927	720,462	949,389

During the year under review, 28,626 shares were issued to the executive directors under the Share Incentive Plan. This represents 25% of the applicable salary, in line with the policy applicable in respect of this share scheme, at an average share price of £8.00. These shares vest after a three-year period from their award and have no further performance conditions attached to them, other than for the shareholders to be employed by the Company at the vesting date.

In addition, executive directors were entitled to an award of 97,597 shares, in respect of the 2013 deferred bonus scheme. The share price on grant date was £7.38. All directors elected to receive cash in respect of the first tranche which was due on 27 September 2013. The remaining 65,065 shares vest in equal amounts on 27 September 2014 and 27 September 2015. These shares have no further performance conditions, other than the shareholders remaining in the employment of the Company until the vesting period ends.

Directors and connected persons' interests in shares: audited
The interests of the directors in the shares of the Company, as at 27 July 2014, were as follows:

Ordinary shares of 2p each, held beneficially	**2014**	2013
T R Martin	**33,466,934**	33,466,934
J Hutson	**55,915**	43,106
J Hutson – Share Incentive Plan	**61,295**	70,511
J Hutson – 2005 Deferred Bonus Scheme	**44,249**	23,831
J Hutson total	**161,459**	137,448
K Davis	**2,568**	1,869
K Davis – Share Incentive Plan	**28,780**	29,528
K Davis – 2005 Deferred Bonus Scheme	**21,459**	11,063
K Davis total	**52,807**	42,460
S Cacioppo	**51,082**	50,383
S Cacioppo – Share Incentive Plan	**31,532**	35,000
S Cacioppo – 2005 Deferred Bonus Scheme	**22,991**	12,383
S Cacioppo total	**105,605**	97,766
E McMeikan	**1,000**	1,000
D van Gene	**1,000**	1,000
R Beckett	**2,000**	2,000
M Reckitt	**2,000**	2,000

There have been no changes to these interests since 27 July 2014.

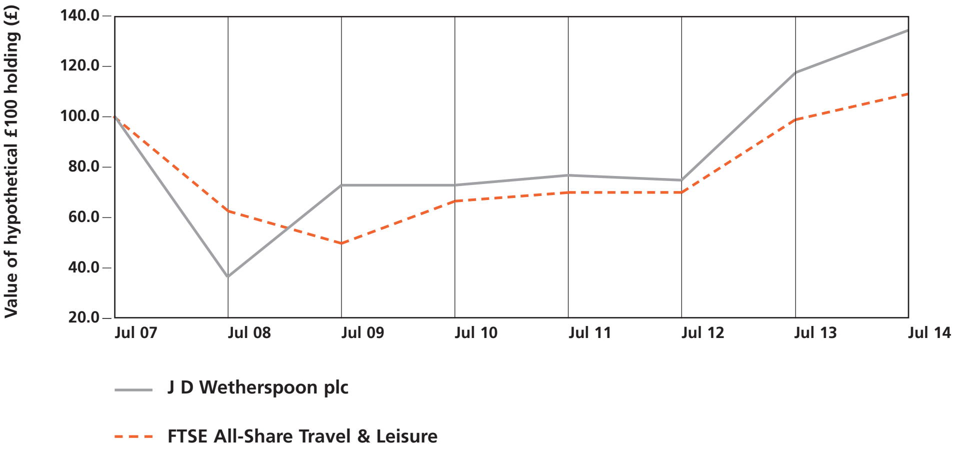
The Company does not enforce any specific requirements as to directors' shareholdings.

Partnership shares
John Hutson is a participant in the partnership share scheme and acquired 200 shares between August 2013 and July 2014. Su Cacioppo is a participant in the partnership share scheme and acquired 193 shares between August 2013 and July 2014. The market price of the shares purchased ranged from 711.0p to 861.5p.

Performance graph – non-audited information

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

Growth in the value of a hypothetical £100 holding since July 2007, based on 30-trading-day average values



Chief executive officer's remuneration

John Hutson	Single figure of total remuneration £000	Performance bonus payment achieved against maximum possible %	Long-term incentive scheme shares vesting against maximum possible* %
2014	741	19	100
2013	1,079	43	100
2012	847	34	100
2011	628	24	100
2010	656	44	100

*As long-term incentive scheme shares issued have no further performance criteria attached, all shares previously awarded vest in full when the vesting date is reached.

The following table compares the change in remuneration of the chief executive with that of all employees.

John Hutson	2014 £000	2013 £000	Change %	Total employees %
Salary/fees	453	442	2.5	2.6
Taxable benefits	22	22	–	(1.1)
Performance bonus	44	95	(53.7)	(12.5)
	519	559	(7.2)	

Comparison of increases in remuneration, dividends and share buy-backs

	2014 £000	2013 £000	Change %
Dividends	14,949	15,053	(0.7)
Share buy-backs	24,550	–	n/a
Total employee remuneration	403,077	356,983	12.9

Implementation of remuneration policy 2014/2015
The committee does not intend to make any changes to remuneration policy in the coming year.

Remuneration committee
The remuneration committee comprises the following independent directors: Debra van Gene (chair), Elizabeth McMeikan, Sir Richard Beckett and Mark Reckitt.

The committee meets regularly and considers executive directors' remuneration annually. It approves all contractual and compensation arrangements for the executive directors, including performance-related payments.

The committee did not receive external advice or services which materially affected its considerations.

Shareholders' vote on 2013 directors' remuneration report
The table below shows the voting outcomes at the 14 November 2013 AGM for the directors' remuneration report.

	Votes	Number
For	98,923,055	98.6%
Against	833,818	0.8%
Abstentions	600,615	0.6%
Total cast	100,357,488	100.0%

Statement of compliance
The Company is committed to high standards of corporate governance. The board believes that the Company has been compliant with the Code (UK Corporate Governance Code) throughout the 52 weeks ended 27 July 2014, except as described below.

B.1.1 – Non-executive director independence

Elizabeth McMeikan has served more than nine years on the board and so may not be considered independent under the Code. The board considers that her performance as a non-executive director continues to be effective. She contributes significantly as a director through her individual skills, considerable knowledge and experience of the Company. She also continues to demonstrate strong independence in the manner in which she discharges her responsibilities as a director. Consequently, the board has concluded that, despite her length of tenure, there is no association with management which could compromise her independence.

B.4.2 – Development

The chairman does not formally sit down with individual directors and identify specific training and development needs for them. The chairman and executive directors hold a series of weekly meetings, with head-office and pub managers, to try to identify areas of improvement for the business. Minutes are taken of these meetings and action points identified for a range of participants. In the opinion of the board, this process is effective in identifying problems and solutions and assists in training and developing directors on an informal, yet effective, basis.

B.6.2 – External board evaluation

A recent requirement of corporate governance is a recommendation for a third party to evaluate the functioning of the board. Delegation of a key task of the chairman and of the directors of the board itself to a third party, often with little or no connection with the Company's business and with a very limited knowledge of the directors, may be a dangerous step for a board to take. It is the function of the board itself to evaluate its own performance – and the performance is most evident from the results of the underlying business. For this reason, it is believed to be best for the Company to continue with its current system of 'self-evaluation'.

E.1.1 – Dialogue with shareholders

The Code indicates that the chairman should discuss governance and strategy with major shareholders. The chairman has had many discussions with shareholders since the company's flotation in 1992, although corporate governance has rarely been raised. The majority of discussions with major shareholders now takes place among the CEO, finance director and shareholders. The chairman is available for discussion with major shareholders, when requested.

A full version of the Code is available on the official website of the Financial Reporting Council: www.frc.org.uk

Directors' conflicts of interest
The board expects the directors to declare any conflicts of interest and does not believe that any material conflicts of interest exist.

The board of directors

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

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

Biographies of all non-executive and executive directors are provided on page 50 and can be viewed on the Company's website: www.jdwetherspoon.co.uk

The chairman regularly meets the non-executive directors and evaluates the performance of the board, its committees and its individual directors.

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

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

The board has several established committees as set out below. The board met eight times during the year ended 27 July 2014; attendance of the directors and non-executives, where appropriate, is shown below.

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

Matters reserved for the board

The following matters are reserved for the board:

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

Board committees

Audit committee

The committee is chaired by Mark Reckitt and comprises Elizabeth McMeikan, Debra van Gene and Sir Richard Beckett.

Representatives of the Company's external auditors, PricewaterhouseCoopers LLP, and the Company's internal audit manager, finance director and personnel and legal director attend audit committee meetings.

The committee's primary role is to assist the board in the provision of effective governance over the Company's financial reporting, risk management and internal control and, in particular, it performs the following activities:

- Assumes direct responsibility for the appointment, compensation, resignation and dismissal of the external auditors, including review of the external audit, its cost and effectiveness
- Reviews the independence of the external auditors, including consideration of the level of non-audit work carried out by them
- Reviews the scope and nature of the work to be performed by the external auditors, before audit commences
- Reviews the half-year and annual financial statements
- Ensures compliance with accounting standards and monitors the integrity of the financial statements and formal announcements relating to the financial performance of the Company
- Reviews the internal audit plan, which is updated to reflect the changing needs of the business and the concerns of management and the audit committee
- Reviews and raises questions on all internal audit reports and requests management to adjust the prioritisation of mitigating actions, as needed. Areas reviewed this year included payroll and expense processes, property acquisition and related cost control, accounts payable, inventory and fraud prevention systems
- Reviews, with the support of PwC specialists, the IT systems used around the business, including the SAP system implemented in 2012, and agrees with management on the timing of any mitigating actions to be carried out
- Reviews and monitors procedures in relation to the Company's whistle-blowing policy
- Reviews and questions the effectiveness of all risk-management and internal control systems
- Reviews the Company's statement on internal control systems, before endorsement by the board
- Considers the overall impact on the business of the various matters arisen from the various reviews described above and any other matters which the auditors, internal or external, may bring to the attention of the committee
- Ensures that all matters, where appropriate, are raised and brought to the attention of the board

Significant financial reporting items

The accounting policies of the Company and the estimates and judgements made by management are assessed by the committee for their suitability. The following areas are those considered to be the most significant by the committee:

- The provision for the impairment of fixed assets and the onerous leases – several judgements are used in making this calculation, primarily on expected future sales and profits. The committee received reports and questioned management on the calculations made and the assumptions used
- Significant one-off items of expense or income are reported as exceptional on the face of the income statement. All exceptional items are reviewed by the committee
- The committee reviewed and raised questions on the calculations made by the Company in relation to the effectiveness and hedge accounting for interest-rate swaps
- During the year under review, the conclusion to a long-outstanding capital allowances dispute with HMRC was reached. The committee reviewed the accounting and tax treatment of this decision, as reflected in the financial statements, and concluded that these transactions had been dealt with appropriately.

The committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures have been included in the accounts.

Non-audit services

During the year, the Company made limited use of specialist teams from PricewaterhouseCoopers LLP, relating to accounting and tax services. The fees paid to PricewaterhouseCoopers LLP for non-audit services were £nil (2013: £29,500). The use of PricewaterhouseCoopers LLP for non-audit work is monitored regularly, to achieve the necessary independence and objectivity of the auditors. In addition, the chair of the audit committee is consulted before awarding to the external auditors any non-audit services in excess of £20,000. Where the auditors provide non-audit services, their objectivity and independence are safeguarded by the use of different teams. See note 2 on page 15 for a breakdown of auditors' remuneration for audit and non-audit services.

External auditors

The audit committee is responsible for making recommendations to appoint, reappoint or remove external auditors. Following a review by the audit committee, the board agreed, in September 2014, to recommend to shareholders, at the annual general meeting, the reappointment of the external auditors for a period of one year.

Audit-tendering

The audit committee keeps under review the ongoing legislative proposals on audit-tendering and rotation from the EU and the Competition Commission and will implement them when they become final. These proposals have effectively superseded the comply-or-explain provision in the UK Corporate Governance Code which applies to the Company for the first time this year. The FRC plans to withdraw this tendering provision in due course.

PricewaterhouseCoopers LLP has been the auditor of J D Wetherspoon plc since 1984 – and no audit-tendering process has been carried out subsequently. In line with corporate governance requirements, the audit partner has been rotated every five years, with Andrew Latham completing his first year as audit partner this year end. The committee continues to consider annually the need to go to tender for audit quality or independence reasons. Subject to the outcome of this process for 2014, it is currently expected that PricewaterhouseCoopers LLP will remain in office and that a resolution to appoint them for the 2015 audit will be proposed at the AGM.

Effectiveness of external auditors

The audit committee assesses the ongoing effectiveness of the external auditors and audit process, on the basis of meetings and internal reviews with finance and other senior executives.

In reviewing the independence of the external auditors, the audit committee considers several factors. These include the standing, experience and tenure of the external auditors, the nature and level of services provided and confirmation from the external auditors that they have complied with relevant UK independence standards.

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

Remuneration committee

The committee is chaired by Debra van Gene and comprises Elizabeth McMeikan, Sir Richard Beckett and Mark Reckitt. The directors' report on remuneration is set out on pages 53 to 61.

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

Nomination committee

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

The terms of reference of the nomination committee are available on the Company's website.

Employment policies
Staff are encouraged to make a commitment to the Company's success and to progress to more senior roles as they develop.

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

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

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

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

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

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

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

The internal audit department, in conjunction with feedback from senior management of the business functions, produces a risk register annually.

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

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

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

A summary of the financial risks and treasury policies can be found on pages 43 and 44, together with other risks and uncertainties.

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

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

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

The Company has key controls, as follows:

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

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

Kirk Davis
Company Secretary
11 September 2014

INFORMATION FOR SHAREHOLDERS

Ordinary shareholdings at 27 July 2014

Shares of 2p each	Number of shareholders	% of total shareholders	Number	% of total shares held
Up to 2,500	4,351	89.31	2,099,858	1.71
2,501–10,000	304	6.24	1,420,500	1.16
10,001–250,000	173	3.55	9,884,394	8.04
250,001–500,000	15	0.31	5,368,095	4.37
500,001–1,000,000	14	0.29	9,596,560	7.80
Over 1,000,000	15	0.30	94,598,801	76.92
	4,872	**100.00**	**122,968,208**	**100.00**

Source: Computershare Investor Services plc

Substantial shareholdings

The Company has been notified of the following substantial holdings in its share capital at 12 August 2014:

	Number of ordinary shares	% of share capital
Tim Martin	33,466,934	27.22
Sanderson Asset Management	19,309,147	15.70
Threadneedle Investments	13,907,295	11.31
Rothschild Wealth Management	5,680,761	4.62
OppenheimerFunds Inc	5,354,630	4.35
Invesco Perpetual	5,263,371	4.28
J D Wetherspoon plc Company Share Plan*	4,763,232	3.87
Investec Asset Management	3,737,044	3.04
Norges Bank Investment Management	3,275,435	2.66
BlackRock Investment Management	2,798,343	2.28
Legal & General Investment Management	2,587,385	2.10

Source: Investec Bank plc. This schedule shows the consolidated shareholdings of individuals and companies, whereas the first table shows shareholdings by individual holding.

*This represents shares which have been purchased by the Company for the benefit of employees under the SIP. Please see page 55.

Share prices

28 July 2013	762.0p
Low	674.9p
High	905.0p
27 July 2014	733.0p

Shareholders' enquiries

If you have a query about your shareholding, please contact the Company's registrars directly – Computershare Investor Services plc: www.uk.computershare.com/investor
0870 707 1091

Annual report

Paper copies of this annual report are available from the company secretary, at the registered office.

E-mail: investorqueries@jdwetherspoon.co.uk

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

PUBS OPENED DURING THE FINANCIAL YEAR

The Narrows	25 High Street	Abingdon-on-Thames	OX14 5AA
The Queen Hotel	1 High Street	Aldershot	GU11 1BH
The Bobbing John	46 Drysdale Street	Alloa	FK10 1JL
The Shoulder of Mutton	2 Market Street	Ashby-de-la-Zouch	LE65 1AF
The Hope and Champion	Windsor Road	Beaconsfield	HP9 2SE
The Half Moon Inn	11–21 West Precinct	Billingham	TS23 2NW
The Port Jackson	Block D, Riverside Wharf, Riverside	Bishop’s Stortford	CM23 3GN
The Three Tun Tavern	1–5 Temple Road	Blackrock	
The Wallaw	14 Union Street	Blyth	NE24 2DX
Jolly’s Hotel	43a Gray Street	Broughty Ferry	DD5 2BJ
The Six Gold Martlets	49–51 Church Walk	Burgess Hill	RH15 9BQ
The High Main	63 Shields Road	Byker	NE6 1DL
The Wagon & Horses	2 Market Place	Chapeltown	S35 2UU
The Coliseum Picture Theatre	26–28 High Street	Cleethorpes	DN35 8JN
The Old Chapel	Railway Road	Darwen	BB3 2RJ
The Captain James Lang	97–99 High Street	Dumbarton	G82 1LF
The Lady Chatterley	59 Nottingham Road	Eastwood	NG16 3AL
The London Bar	After Security, South Terminal	Gatwick Airport	RH6 0NN
The Flying Chariot	Before Security, Terminal 2	Heathrow Airport	TW6 1EW
The Blue Bell	8 Cross Hill	Hemsworth	WF9 4LQ
The Star Inn	33 New Street	Honiton	EX14 1BS
The Admiral Collingwood	Wilder Road	Ilfracombe	EX34 9AP
The Auld Brig	Rivergate Shopping Centre	Irvine	KA12 8EH
The Crown Inn	71–75 High Street	Knaresborough	HG5 0HB
The Man in the Moon	16–17 St James Street	Newport	PO30 5HB
The Black Boy	31/32 Broad Street	Newtown	SY16 2BQ
The Highland Laddie	59 High Street	Norton	TS20 1AQ
The Captain Noel Newton	55 High Street	Oakham	LE15 6AJ
The Corryvreckan	The Waterfront Centre, Railway Pier	Oban	PA34 4LW
The Court Leet	4 Wheatsheaf Walk	Ormskirk	L39 2XA
The Cross Keys	24 Northgate	Peebles	EH45 8RS
The Dog Beck	21–22 Southend Road	Penrith	CA11 8JH
The Stannary Court	95–99 Ridgeway	Plympton	PL7 2AA
The Poulton Elk	22 Hardhorn Road	Poulton-le-Fylde	FY6 7SR
Pen Cob	Station Square	Pwllheli	LL53 5HG
The Manor House	14 Melbourn Street	Royston	SG8 7BZ
The George Inn	39 High Street	Sandbach	CW11 1AL
The Belle and Lion	22–24 High Street	Sheerness	ME12 1NL
Parsons’ Barn	Frobisher Way	Shoeburyness	SS3 8UT
The Commercial Inn	31 Wharf Street	Sowerby Bridge	HX6 2LA
The Stamford Post	7 Sheep Market	Stamford	PE9 2QZ
Wetherspoon Express	After security	Stansted Airport	CM24 1QN
The Crossed Peels	8 Spittal Street	Stirling	FK8 1AT
The Bath Arms	41 Market Place	Warminster	BA12 9AZ
The Quarter Jack	18 Priory Road	Wells	BA5 1SY
The Harry Clasper	Front Street	Whickham	NE16 4HF

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

01923 477777
www.jdwetherspoon.co.uk

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