ESTD 1831

YOUNG'S

ANNUAL REPORT

FOR THE 52 WEEKS ENDED 2 APRIL 2018

CONTENTS

View our Annual Report 2018 on our website:
www.youngs.co.uk/investors

FINANCIAL HIGHLIGHTS

	2018 52 weeks £m	2017 53 weeks £m	% CHANGE
Revenue	279.3	268.9	+3.9
Adjusted operating profit[1]	46.9	46.1	+1.7
Operating profit	43.5	42.7	+1.9
Adjusted profit before tax[1]	41.0	40.4	+1.5
Profit before tax	37.6	37.0	+1.6
Net cash generated from operations	61.4	63.5	–3.3
Adjusted basic earnings per share[1]	67.74p	66.43p	+2.0
Basic earnings per share	61.60p	61.51p	+0.1
Dividend per share (interim and recommended final)	19.61p	18.50p	+6.0
Net assets per share[2]	£11.24	£10.10	+11.3

All of the results above are from continuing operations.

[1] Reference to an "adjusted" item means that item has been adjusted to exclude exceptional items (see notes 9 and 10).

[2] Net assets per share are the group's net assets divided by the shares in issue at the period end.

In this report, unless the context otherwise requires, reference to "the company" or to "Young's" is to Young & Co.'s Brewery, P.L.C., and reference to the "group" is to the group of companies of which Young's is the parent company.

CHAIRMAN'S STATEMENT

Stephen Goodyear, Chairman

+6.2%
Revenue

£53.0
million invested

21st
consecutive increase of dividend

This has been another highly successful year for Young's and it further strengthens the belief we have in our winning strategy of maintaining and operating a differentiated, premium and well-invested pub estate, focussed on London and Southern England.

Total revenue was up 3.9% when compared with the 53 weeks of last year and up 6.2% on a comparable 52 week basis. At a time when margins across the industry have been under intense pressure, our EBITDA margin of 24.6% remains one of the strongest in the sector, resulting in our highest ever adjusted EBITDA of £68.7 million (2017: £66.5 million). Adjusted basic earnings per share have increased by 2.0% and now stand at 67.74 pence per share; on an unadjusted basis, basic earnings per share are at 61.60 pence per share.

Our healthy cash generation allows us to invest in future growth through a combination of acquisitions and investment in our existing estate. This year we invested a total of £53.0 million, acquiring six pubs including the iconic Smiths of Smithfield (Smithfield Market), and increased our number of bedrooms by 94 or 19.3% through the purchase of the Park (Teddington) and the Bridge (Chertsey); we also opened the Bull (Bracknell). Despite this increased level of investment, we remain conservatively financed with net debt of £140.5 million (2017: £126.6 million), being 2.0 times adjusted EBITDA (2017: 1.9 times).

More than ever, the importance of investing in and growing our own people is fundamental to our ongoing success; a belief long embedded in our culture at Young's. Gaining "employer provider" status during the year has enabled us to be an official training provider for apprentices and it improves our prominent position in a tough labour market. Through the comprehensive training and support, our talented teams gain the knowledge and expertise they need to continue to surprise and delight our customers. It's wonderful to work with every one of our employees and their boundless energy and enthusiasm is something that I'm very grateful for.

Brexit remains an issue for the entire economy. We welcome the progress the Government is making on the negotiations so far. In particular, given that roughly a third of our team members originate from mainland Europe, the granting of reciprocal citizen rights to EU nationals is a reassuring first step. Although many issues still remain on the table, we are looking positively to the future.

We continue to believe in the individuality and the power of each Young's pub, rather than follow a particular concept of which customers can quickly tire. Our busy investment programme ensures our customers continue to frequent and enjoy our pubs which are at the heart of their communities, as hospitality is at the heart of our economy.

Given these strong results, the board is delighted to recommend our 21st consecutive annual dividend increase, by 6.0% again, to 10.20 pence. If approved by shareholders, this will result in a total dividend for the year of 19.61 pence (2017: 18.50 pence). The final dividend is expected to be paid on 12 July 2018 to shareholders on the register at the close of business on 8 June 2018.

Finally, I'd like to welcome Ian McHoul to our board, following his appointment as a non-executive director in January this year. Ian has gained a wealth of knowledge and experience during a long and successful career, including while having been the Chief Financial Officer of Amec Foster Wheeler plc for over 9 years. He is currently sitting on the boards of Britvic plc and Bellway plc as a non-executive director and has held non-executive roles in other companies. Ian will be a great addition to our board.

Stephen Goodyear
Chairman
23 May 2018

Our Strategy – How we grow

We look to grow through a combination of investing in our existing pub estate, opportunity-led acquisitions and our people.

Each year, on average, we reinvest about two thirds of the cash we generate. Much goes back into our existing estate in the form of transformational developments and maintenance to the high standard our customers expect. In carrying out developments, we look to improve current trading area efficiencies and increase each pub's trading space; the latter can see upper parts converted into accommodation, function rooms and roof top bars; basements become cocktail bars and outdoor spaces turned into beautiful gardens with Burger Shacks.

Risk link 9 10

We also invest in hand-picked acquisitions, based in locations where we feel our style of operation will thrive, as well as benefitting the surrounding area. All acquisitions have to pass our strict internal investment criteria. Through our experience and expertise, we assess what we believe an acquisition can realistically achieve; what it may currently be doing is often less relevant.

Risk link 5 9

We believe in investing in our people, nurturing our own talent, so they are able to continue to grow our businesses by surprising and delighting our customers.

Our individually-tailored development programmes allow people at every level in our business to explore opportunities and we encourage the entrepreneurial spirit that has ensured our place as industry leaders. Entrepreneurs can be a rare commodity in the hospitality industry and getting the right fit for both parties can be a challenge as well as time consuming and expensive. Promoting our internally-developed talent pool therefore ensures our future leaders know who we are and what we stand for, giving us and our teams a head start in growing our business and increasing our productivity.

Risk link 9

The risk links reference to *Principal risks and uncertainties* on pages 8 and 9.

Our Business Model – How we create value

We run a predominantly freehold estate and we intend to keep it that way. We believe freehold assets give us greater control and opportunities within our business, whether this is, for example, insulating us against potential rent increases or providing us with greater freedom to do up and improve our pubs. A predominantly freehold backed estate also enables us to negotiate better terms with lenders, whilst allowing us to also benefit from increases in property values.

Risk link 5 9 10

Within our managed segment, we operate differentiated, premium, mostly drink-led pubs in London and Southern England. Our locations are mainly in areas that have a high proportion of affluent and discerning customers derived through a mixture of residential, leisure and work where our premium product offerings is greater suited.

Risk link 1 6

Our revenue mix is 65.8% drink, 29.6% food and 4.6% accommodation. Although food is an important part of our offer, we run pubs, not restaurants, which can be more labour intensive. Our drink-led offer is supported by our locations which are often within walking distances of public transport links.

Risk link 1 6 8

We also run a small quality tenanted estate which extends our reach into other geographical areas. Our tenanted estate allows us to work in partnership with engaging entrepreneurs to run sustainable businesses. Tenanted pubs are less labour intensive than managed houses, increase our buying power with suppliers and are cash generative. They also allow us to acquire freehold pubs with tenants in situ that we can service through our tenanted operation and, when the time is right for both parties, transfer these pubs into our managed estate.

Risk link 1

We use the combined buying power of our managed and tenanted estates to source the best products for the best prices from a small number of suppliers – we buy predominantly British produce, supporting the local communities we operate in. Although the suppliers we use stretch across the estate, our general managers are given the freedom and flexibility within guidelines to run the pubs to best fit and contribute to the communities in which they reside. This individuality is supported by the uniqueness of the pub designs which don't follow a particular format or concept but have a welcoming, cosy theme to offer our customers that home-away-from-home feel.

Risk link 2 6

CHIEF EXECUTIVE'S REVIEW

Patrick Dardis, Chief Executive

+4.2% Like-for-like revenue

580 Bedrooms

Adjusted profit before tax **£41.0** million

I am very pleased to announce such a strong set of results. This past year has been tough for our industry as a whole, but these results are a testament to the quality of our incredible people who bring our premium positioned pubs to life. These results demonstrate that our strategy continues to deliver.

On a comparable 52 week basis, total revenue was up 6.2% to £279.3 million, underpinned by an industry-leading managed house like-for-like performance, enhanced by complementary, eye-catching acquisitions. Through strong conversion, on a comparable 52 week basis, profit before tax was up 5.4% to £37.6 million or up 4.8% to £41.0 million once adjusted for exceptional items.

Managed house like-for-like sales in the period were up 4.2%, representing the seventh consecutive year of delivering like-for-like sales at the top end of the industry. Over the last seven years, we've delivered increases of between 4.2% and 6.7%.

PROVEN TRACK RECORD DURING DIFFICULT TIMES

We have delivered these results against the challenges of declining real wages, heightened food and energy costs and a challenging economic environment. Our asset-backed, predominantly freehold estate helps maintain our competitive advantage.

These macro challenges are on top of huge fixed cost increases burdening the hospitality industry. I have previously stated my view on business rates and will continue to appeal to the Government to review and reverse recent unjustified increases. These, combined with the introduction of the National Living Wage, the Apprenticeship Levy and the most recent increases to pension auto-enrolment, have created one of the most difficult business environments I have ever experienced.

Given this backdrop, our financial performance is all the more impressive and is further testament to our very clear strategy of owning clearly differentiated, premium and well-invested pubs run by talented and attentive people. Differentiation and the provision of consumer experiences are critical to our success.

DEVELOPING GROWTH OPPORTUNITIES

We have continued to execute our growth strategy through ongoing investment in our existing estate and selective acquisitions.

Our estate now has 255 pubs, predominantly across London and Southern England. Last November we acquired the iconic Smiths of Smithfield ("Smiths") and its smaller sister site in Cannon Street, which has just re-opened having been re-branded as the Candlemaker. Smiths, a four storey Grade II listed building situated in the vibrant Smithfield Market, offers a unique experience on each level and has already achieved the highest weekly sales of any property within our estate. Having recently completed a major refurbishment project, we look forward to seeing the results.

Just before the financial year-end we increased the total number of bedrooms in our hotel portfolio by 19.3% to 580 rooms through the freehold acquisitions of the Park (Teddington) with 43 bedrooms and the Bridge (Chertsey) with 51 rooms. The Park is a stunning Victorian building dating back to 1866 and occupies a prominent position in an affluent area within our own backyard. The Bridge, anchored on the Thames riverbank, has strong business and leisure guest appeal.

We added two further freehold pubs through our purchase of the Chequers (Hanham Mills, near Bristol) and the Old Bear (Cobham), and one additional leasehold, the Bull (Bracknell).

Following completion of its acquisition in May 2018, we are on site at the Naturalist (Woodberry Down), our 11th Berkeley Group pub. We are also poised to start fitting out our 12th in Kidbrooke Village.

Within the existing estate, many opportunities remain. This coming year's most exciting plan is a transformational development at the King's Head (Islington) with its new dining room, events space and a stunning roof terrace.

We also continue to invest in technology. By the end of this summer all our pubs will have new till software that will allow us to capitalise on greater sales opportunities and provide our general managers and teams with enhanced tools to continue to surprise and delight our customers. The new software will allow us to interact with multiple third party providers; our own app, "Young's On Tap", will also evolve to allow our customers to order in advance and receive tailored rewards based on their unique habits and preferences.

Through our carefully selected growth opportunities and freehold-backed balance sheet, we are confident our strategy will continue to deliver. The ongoing development of our people and helping them achieve their full potential will create an even more vibrant experience for our customers who are at the forefront of everything we do.

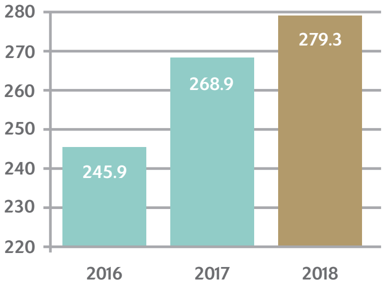
Patrick Dardis
Chief Executive
23 May 2018

HOW WE PERFORMED

We measure the development, performance and position of our business against a number of key indicators. The reference to an "adjusted" item means that item has been adjusted to exclude exceptional items. These alternative performance measures have been provided to help investors assess the group's underlying performance.

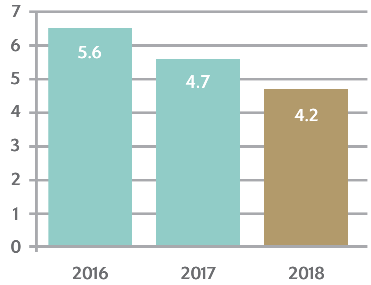
Revenue £m

This is our total group revenue, including both managed and tenanted businesses.



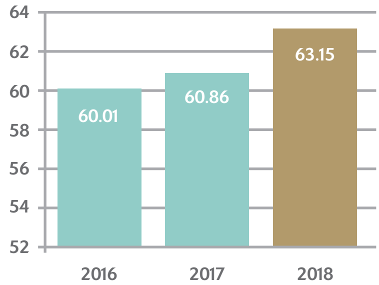
Like for like revenue %

This is our revenue growth for this period compared with the previous period for our managed pubs and hotels that traded throughout both periods.



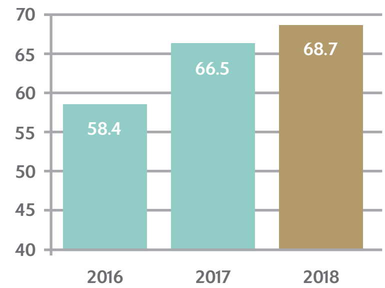
RevPAR £

This is our revenue per available bedroom; it is the average room rate achieved multiplied by the occupancy percentage.



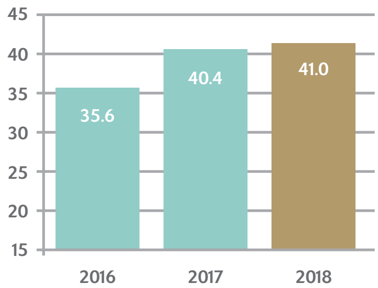
Adjusted EBITDA £m

This is our earnings before interest, taxes, depreciation and amortisation adjusted to exclude any exceptional items for the group. (See notes 9 and 10).



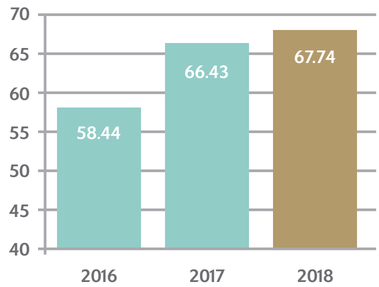
Adjusted profit before tax £m

This is our profit before tax on continuing operations only, adjusted to exclude any exceptional items for the group. (See notes 9 and 10).



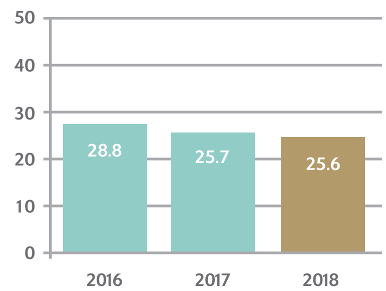
Adjusted earnings per share (pence)

This is our adjusted profit before tax, but after tax has been deducted, divided by the weighted average number of ordinary shares in issue. (See notes 9 and 15).



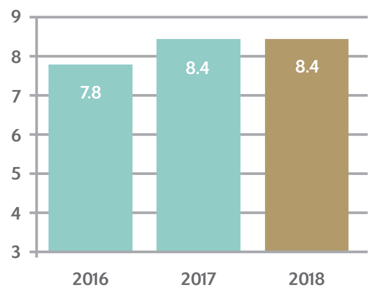
Gearing %

This is our net debt divided by our net assets (expressed as a percentage).



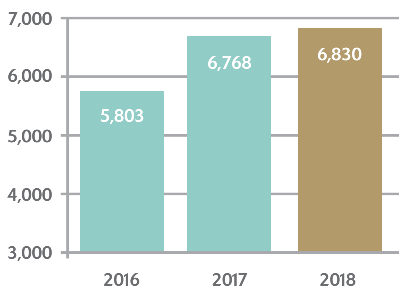
Interest cover (times)

This is our adjusted operating profit divided by our finance costs.



Recycling (tonnes)

This is the amount of waste we recycle and divert from landfill.



PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the group are listed below. It is not an exhaustive list of all significant risks and uncertainties; some may currently be unknown and others currently regarded as immaterial could turn out to be material. Further information on the group's financial risk management objectives and policies are set out in note 23, starting on page 64.

	RISK/UNCERTAINTY	POTENTIAL IMPACT	MITIGATION	CHANGE IN RISK/ UNCERTAINTY
CONSUMER-RELATED	**1.** Our revenue is largely dependent on consumer spending within our managed estate. A consumer's decision to spend their money can be affected by a broad range of matters (including confidence in the economy, the weather, fears of terrorist activity and improved awareness of the potential adverse health consequences associated with alcohol), all set against a background of an ever-increasing choice of where to go and what to do.	A reduction in our revenue could lead to lower profits.	Our pubs and hotels are mainly spread throughout London and Southern England, with the majority inside the M25. Through them, we provide a hospitable and welcoming home from home, often at the heart of the local community. They benefit from customer-focussed designs, high service standards, quality food and market-leading drinks, all of which matter to the discerning consumer. By having a mix of excellent riverside, garden and city pubs and hotels, we seek to address the impact of seasonality and changes in consumers' spending habits.	
FINANCIAL	**2.** Various factors may result in the amount we pay for our key supplies (including food, drink, gas and electricity) and labour being increased. Following on from the Government's introduction of the National Living Wage, the hourly rate will increase to £7.83 with effect from April 2018, with annual stepped increases, announced each year, to follow. Increased costs could potentially make our offer less attractive to consumers if they are passed on.	A reduction in our revenue and/or an increase in our costs will have an impact on our margins and could result in lower profits.	Fixed-price arrangements are in place with some of our food and drink suppliers. Regarding utilities, we continually look at ways of reducing our levels of consumption; we also regularly review our energy needs and price changes in the market, and, where appropriate, we make forward purchases. Increased wages may result in consumers having greater capacity to absorb increased prices, but any shortfall will need to be mitigated through greater labour and other efficiency gains.	
	3. The pub industry is subject to a variety of taxes, including business taxes, duty on alcoholic drinks and business rates.	The introduction of new taxes and/or increases in the rates of existing taxes will result in lower profits.	As regards rates, we retain the services of specialist rating consultants who review each and every rating assessment. Appeals are lodged on our behalf where the new assessments are deemed excessive.	
	4. We operate a defined benefit pension scheme, the Young & Co.'s Brewery, P.L.C. Pension Scheme, that has to be funded to meet agreed benefit payments. The value of the scheme can be impacted by a variety of factors, including changes in life expectancy assumptions, lower than anticipated performances of the stock market and reduced bond yields. We also operate two defined contribution pension schemes that require minimum levels of contribution from the company set by the Government.	Variations in the difference in value between the assets of the defined benefit scheme and its liabilities may increase the amount we are required to pay into it in order to account for past service benefit deficits and future service benefit accruals. An increase in our contribution levels to the defined contribution schemes will result in lower profits.	The defined benefit scheme was closed to new entrants in 2003 and we make additional contributions over and above regular service contributions to help address any funding deficit. We also maintain a close dialogue with the scheme's trustee. To limit further the potential exposure, future service benefits accruing to remaining active members were reduced from April 2016, with member contributions being increased in tandem.	
	5. Our financial structure involves bank borrowings. The business therefore needs to generate sufficient cash to repay these debts with accrued interest. Interest rates are also subject to change.	Our ability to trade as a going concern depends on us generating sufficient cash to meet these repayments.	The group's debt profile is long-dated, facilities are committed and debt is carefully managed within financial covenants. A mix of debt at fixed and variable interest rates is also maintained, with interest rate swaps used to assist in managing this exposure.	

	RISK/UNCERTAINTY	POTENTIAL IMPACT	MITIGATION	CHANGE IN RISK/ UNCERTAINTY
OPERATIONS	6. We rely on a number of key suppliers to provide our pubs and hotels with food and drink.	Supply disruption could affect customer satisfaction, leading to a reduction in our revenue, leading to lower profits and growth rates.	Food and drink is sourced from a number of suppliers. Informal arrangements are also in place such that substitute suppliers or products could be used if required. We regularly review our choice of suppliers.	No change
	7. We, and particularly our managed estate, are reliant on information systems and technology for many aspects of our business, including communication, sales transaction recording, stock management, purchasing, accounting and reporting and many of our internal controls. Information systems can be at risk of failure due to technical issues and the growing threat of cyber attack.	Any failure of such systems or technology would cause some disruption, and any extended period of downtime, loss of backed up information or delay in recovering information could impact significantly on our ability to conduct business.	Firewalls and anti-virus software are installed to protect our networks. Information is routinely backed up and arrangements are in place with a third party provider to assist with data recovery. An off-site disaster recovery facility is also available if any major incident occurs at Riverside House or to our systems. The IT needs of the business are regularly monitored and we invest in new technology and services as necessary.	No change
	8. We are dependent on having the right people throughout our organisation: at all our pubs and hotels and also at Riverside House. It is too early to have a clear view on the impact of Brexit on our business, but its potential to do so is fully acknowledged.	Our ability to achieve our strategic and operational objectives could be affected if we are unable to attract and retain the right people with the desired skillsets.	We look to recruit and retain the best talent. The remuneration and reward packages we offer are competitive and designed to retain and motivate staff. We have training and development programmes in place so that our people have the right skills to perform their jobs successfully and achieve their full potential. We have also gained "employer provider" status, enabling us to be an official training provider for apprentices and develop our own talent pool for the future.	Increase
	9. Part of our growth plan is based on acquiring and/or developing additional pubs and hotels/ rooms.	If we do not acquire the right opportunities when planned, or at all, our desired future growth rate will be delayed or reduced.	We have relationships with a variety of third parties to ensure, as far as possible, that we are made aware of acquisition opportunities as and when they come up. We have provided a number of agents and landlords with details of our preferred site profiles.	No change
REGULATION[1]	10. We are required to meet a range of ever-increasing compliance, regulatory and health and safety obligations in the operation of our business.	A failure to comply with these obligations could damage our reputation, see us being fined, and, as regards health and safety, result in an accident or incident occurring involving injury, illness or even loss of life. All of these could possibly lead to a reduction in our revenue and lower growth rates. Increases in the cost of compliance will have an impact on our margins and result in lower profits.	We carefully monitor legislative developments, and our training programmes, policies, processes and audits are designed to promote and achieve compliance with our obligations. Health and safety audits are undertaken by a third party who also works with us to ensure changes in health and safety practices and procedures are incorporated into our business and reviewed on a regular basis. Insurance cover to help with any financial compensation that may be payable as a result of an accident or incident has been taken out.	No change

[1] The Neighbourhood Planning Bill became law during the current period. The scope of the Act is now clear and the risk associated with draft legislation has now been removed.

KEY TO CHANGE IN THE RISK/UNCERTAINTY LEVEL FROM THE PRIOR PERIOD

Decrease   No change   Increase

BUSINESS AND FINANCIAL REVIEW

The prior period was a 53 week period but all figures below have been adjusted by removing the final week of the last period to be on a comparable 52 week basis unless specified.

MANAGED HOUSES

Once again, our managed houses have performed at the top of the pub sector, with strong revenue growth, up 6.9% to £266.4 million, underpinned by industry-leading like-for-like sales growth of 4.2% (2017: 4.7%). Managed houses represent the vast majority of our business and our managed estate now comprises 181 pubs (including 25 hotels), an increase of eight pubs (including two hotels) during the year, making up 95.4% of our total revenue.

Continuing to drive and challenge the pubs and their teams to outperform the market is a relentless pursuit, but it's one that we embrace wholeheartedly. Our longstanding record of consistently raising the bar creates its own challenges, but our ambition and work ethic gives us that extra spring in our step to continue to excel.

REVENUE AND PROFITS

Revenue growth has been very consistent throughout the year. Like-for-like sales were up 4.7% for the first seven weeks of the year, up 4.6% for the first half, and we have now closed the year with like-for-like sales up 4.2% despite the impact of the exceptionally cold weather in late February and early March.

Drink sales have had a buoyant year, with the continued trend of customers trading up to more premium products, further increasing sales values. As a result, total drinks sales were up 7.9% and up 4.8% on a like-for-like basis.

Today's consumers are more knowledgeable and discerning, with technology helping to fuel this. As a trend-setter, we continue to evolve our market-leading drinks offering to stimulate the changing nature of consumers' drinking habits. Keg ales are a fine example of this, with consumers switching from traditional products to try new keg beers such as Founders IPA, a beer for all occasions naturally brewed in Michigan, and Beavertown Neck Oil, a punchy, go-to beer. In total, sales of draught keg ale were up 28.1%, taking share from other draught drinks.

Our cask-focussed, "local hero" programme continues to grow our reputation both for being a stage to showcase the finest new brews from gifted smaller entrepreneurial brewers and for having discerning customers ready to discover them.

We are delighted to have extended our partnership with Berkmann Wine Cellars, our sole wine and spirits supplier. During the past two years, we've benefitted from their expertise, a wider range of new world wines and a more engaged workforce through the jointly run "Grape Masters" programme. Our customers have, in turn, enjoyed the journey from traditional house wines to more complex grape varieties, most recently the rosé revolution.

Spirit sales continued their resurgence, with volumes up 5.4%. Gin sales have once again grown at over 20%, with continued 'premiumisation' and new craft gins coming to market.

"Cucumber currency" created a social media buzz which saw us working together with Hendricks and Schweppes to celebrate the start of spring by offering a G&T to customers in exchange for one thing and one thing only: a cucumber. This fun initiative was well received by our vegetable-bearing customers and the 3,416 cucumbers we collected were donated to food banks the following day.

This was the year of the cocktail at Young's, in fact the year of the 'Cocktail Collective', with astonishing sales growth of 46.1%, albeit from a low base.

Leading the Collective, which focusses on the quality, not quantity, of cocktails and the perfect serve every time, has been Aperol Spritz, which has seen a boom of 88.9%.

While others have faltered in the current highly-competitive eating-out market, our food sales remain robust. Sales were up 4.9% in total and up 2.6% on a like-for-like basis, driven in particular by good growth in our all-day brunch offer, our Sunday lunches and our Burger Shack concept which is now across 35 sites.

All our pubs relaunched their individual food menus to attract different audiences at different times, but with Britishness, seasonal and fresh produce at the heart of each dish. Our Burger Shack offering, including its little sister, 'Shack-in-a-Box', benefitted from the additional openings made last year and is now gaining industry accreditation, with one of our five burger offerings, "The Streaky", being a finalist at the 2017 National Burger Awards.

These initiatives in food and drink combine with an innovative approach to create enhanced sales, for example during the winter, sitting just 27 metres above sea level, the Devonshire (Balham) invited customers to join them at the "Balham Peaks" après ski pop up resort. Customers were treated to cosy cabins, Winter Negronis and traditional proper pub grub.

Our hotel business continues to flourish, with sales up 4.7% on a like-for-like basis. Occupancy rates were 74.7%, down by 0.2% on the previous year, but RevPAR increased by £2.29 or 3.8% to £63.15. Just before the year-end, we completed on two exciting acquisitions that represent a real step change in our hotel portfolio: the Park (Teddington) and the Bridge (Chertsey) have together increased our room stock by 94 rooms or 19.3%.

Despite unfavourable cost headwinds such as the significant hike in business rates, the second instalment of the National Living Wage and the introduction of the Apprenticeship Levy, which in total added over £4.0 million to our cost base, managed house adjusted operating profit grew by 3.9% to £60.7 million.

INVESTMENT

During the year, we undertook some major purchases, openings and transfers, all of which are unique in their own way yet still at the premium end of the market. The highlights include:

- Purchasing Smiths of Smithfield (Smithfield Market) which, following its major refurbishment in April 2018, is looking better than ever and is now our largest site by average weekly turnover;
- Relaunching and renaming the previous Smiths of Smithfield site at Cannon Street as the Candlemaker;
- Taking the Young's brand to new suburbs for our managed houses by opening the Bull (Bracknell) and acquiring the Park (Teddington);
- Shifting our revenue mix by increasing our hotel presence through the Park and the Bridge (Chertsey), both freeholds;
- Capitalising on some of the growth opportunities that exist within our Ram Pub Company by transferring the Hope and Anchor (Brixton), King's Arms (Wandsworth) and the Lord Palmerston (Tufnell Park) to our managed house estate; and
- Acquiring the Chequers (Hanham Mills), a beautiful freehold pub on the banks of the river Avon.

A common theme in all these acquisitions is their superb locations which remains a fundamental factor in our investment decisions.

During the course of the year, including acquisitions, we invested £46.3 million in our managed estate.

Major development work was carried out at the Alexander Pope (Twickenham), Betjeman Arms (St. Pancras), Brewers Inn (Wandsworth), Duke of Clarence (Chelsea), Duke's Head (Putney), Elgin (Ladbroke Grove), Mitre (Bayswater), Old Ship (Hammersmith), Oyster Shed (Cannon Street), Plough (Beddington) and the Princess of Wales (Clapton). The fresh botanical feel and "Juniper Terrace" rooftop bar at the Spotted Horse (Putney) is proving a triumph with its customers and was a finalist in the Casual Dining Awards 2018 for 'Best Designed Pub' of the year. We also secured the freehold of the Phoenix (Chelsea), a pub that we previously leased.

CUSTOMER ENGAGEMENT

With two thirds of the UK population owning a smartphone and almost 80% now buying goods or services online, today's consumers want seamless interaction with technology that gives them a wide range of choices while still remaining in complete control of their own experiences.

With customer aspirations at the forefront of our minds, the next stop on our digital journey has been to invest in a new enhanced till system. In March 2018, we launched our first pilot sites on this more interactive, intuitive system with an infrastructure that connects with multiple third party platforms, reflecting our belief that trading is only likely to become ever more based on technology.

Young's On Tap, our mobile app, has been available for download for just over a year and I am pleased with the progress we've made. We've had over 70,000 downloads and our "Appbassadors" continue to promote usage and uptake. When the new till system is fully up and running, Young's On Tap will, in time, go to the next level, adding more content and functionality through online ordering, enhanced booking capability and tailored customer rewards.

All our pubs use a range of social media platforms to engage with our customers through their favoured medium. A great example is this year's #scotcheggchallenge (which was a cracking success in its own right) – we reached over 1 million tweets, viewed more than 3.5 million times.

Delivering the ultimate pub experience to our customers every time they visit us is at the core of everything we do. Our team members, supported through hours of focussed training, live the golden rules of service, built on the value of team work.

THE RAM PUB COMPANY

During the year we transferred three high turnover pubs to managed houses to maximise their potential: the Hope and Anchor (Brixton), the King's Arms (Wandsworth) and the Lord Palmerston (Tufnell Park). Further transfer opportunities exist within the Ram Pub Company which we will look to harvest when the time is right for both us and our tenants.

We sold three pubs at the tail of the estate for combined proceeds of £2.1 million: the Bell (Illminster), Court House (Dartford) and the King's Arms (Epsom). In February 2018, we acquired the Old Bear (Cobham), an attractive 16th century pub situated in the heart of an affluent Surrey town.

As a result of the above movements, the Ram Pub Company ended the year with 74 pubs, down from 79 in the previous year.

REVENUE AND PROFITS

In total, revenue within the Ram Pub Company was down 6.7% on a comparable 52 week basis which is broadly in line with the net reduction in pubs. However, on a like-for-like basis, revenue growth was up a healthy 1.6%.

We offer a range of tenancy packages that differ in terms such as length of lease and financial support. This year, we've increased that support to a number of tenants, in turn reducing our tenanted operating margins but with a view to igniting volume growth.

On a like-for-like basis, adjusted operating profit was flat at £4.4 million. Our average pub EBITDA was £80.8k (2017: £80.8k), one of the highest in the sector.

The Ram Pub Company now represents 4.5% of our total revenue and 6.8% of adjusted operating profit at a pub level.

INVESTMENT

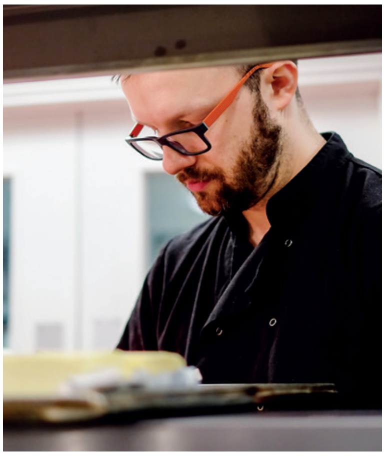
We welcomed the Old Bear (Cobham) and its tenant into the Ram Pub Company flock following the purchase of this freehold pub. Within our existing estate, we follow a structured

APPRENTICESHIPS

This year we began our internal apprenticeship programme, focussing on chef career development. Helping some of our most promising team members perfect their skills whilst they continue to surprise and delight our customers.

Louanas
Sous chef
Hare and Hounds (East Sheen)

"The Young's apprenticeship programme allows me to improve my knowledge about cooking and food presentation. I enjoy learning within a team and my aim is to one day become a head chef and run my own kitchen in one of Young's pubs."



Przemek
Kitchen team member
Founder's Arms (Southwark)

"What I like most about the Young's Commis Chef programme is the opportunity to learn new skills and the professional advice we receive from experienced chefs. My goal is to become a sous chef and to provide strong support to a head chef in the daily running of a kitchen."

Janek
Junior sous chef
Wheatsheaf (Borough Market)

"My favourite aspect of the Young's apprenticeship programme is the structure of my training. Each session we start by making a plan and then follow this with practical tasks. It allows me to improve my knowledge about different ingredients and their seasonality."

Malvina
Junior sous chef
Crown (Bow)

"I have always wanted to learn how to cook. When I saw an advert for a trainee chef in one of Young's pubs, I decided to apply. After a few months of working here, I was encouraged to join the Young's training programme and it has given me confidence to apply for a more challenging role at the Crown."

and viable investment programme to ensure that each tenanted pub is maintained at an attractive standard to appeal to customers, current tenants and future business partners.

In the past year we've completed major developments at the Bristol Ram, Gardeners (Wandsworth), Grand Junction Arms (Harlesden), Grove House (Camberwell), Heartbreakers (Southampton), Prince William Henry (Southwark), Red Cow (Richmond) and the Robin Hood (Sutton).

TENANT ENGAGEMENT

Our tenanted model is focussed upon developing and maintaining businesses that offer a sustainable income for individual tenants and sustainable profits for Young's. It's a partnership built on trust and a common goal. Industry codes of practice mean that rents can move down as well as up. Our entrepreneurial tenants, supported by our own experienced in-house team, continue to operate bespoke offerings, tailored to attract customers in the communities they serve under the strapline "Everyone's local".

PROPERTY, TREASURY, GOING CONCERN, RETIREMENT BENEFITS, EXCEPTIONAL ITEMS AND TAX

PROPERTY

Our balance sheet strength is underpinned by our predominantly freehold estate in many highly desirable locations. 213 of our total 255 pubs are freehold or long leaseholds with peppercorn rents. Our total estate is now valued at £742.9 million (2017: £689.1 million). The increased value has been driven by acquisitions, major developments and improving existing pub values, especially in our London heartland, assisted by our improving trade.

Each year we undertake an exercise to revalue our pub estate to reflect current market values. Savills, an independent and leading commercial property adviser, revalued 20% of our estate, while an internal review of the remaining 80% was led by Andrew Cox, MRICS, our Director of Property and Tenancies. The valuation method used a number of inputs of which the sustainable level of trade of each pub is key. In accordance with International Financial Reporting Standards, individual increases in value have been reflected in the revaluation reserve in the balance sheet (except to the extent that they had previously been revalued downwards) and individual falls in value below depreciated cost have been accounted for through the income statement. None of these adjustments have a cash impact.

The pub property market in London and the surrounding areas has remained strong throughout the period, which, coupled with our continued trading performance, has resulted in a net upward revaluation movement of £29.5 million (2017: £22.6 million). This is comprised of an upward movement of £29.2 million (2017: £23.1 million) reflected in the revaluation reserve and a reversal of a previously revalued downward movement of £0.3 million (2017: £0.5 million of downward movement) recognised in the income statement under exceptional items.

TREASURY

We remain highly cash generative. Our operating cash flow was £61.4 million (2017: £63.5 million) with our premium business and predominantly freehold estate outperforming the market. The slight decrease of £2.1 million in the period was caused by an adverse movement in working capital.

Due to the increased acquisition activity and the larger purchases all falling in the second half of the year, our net debt has increased by £13.9 million to £140.5 million. Despite this increased outlay, our net debt to adjusted EBITDA ratio remains conservative and one of the lowest in the sector at 2.0 times (2017: 1.9 times). Gearing is just 25.6% (2017: 25.7%).

GOING CONCERN

Our total facilities remain at £175 million, with nothing now repayable until 2021. Of our drawn debt, 71.2% is on fixed interest rates.

During the year, we refinanced a number of our banking facilities and effectively extended their terms. In May 2017, we borrowed £20 million over a seven year period (£10 million from each of Barclays Bank plc and, a new lender to us, HSBC Bank plc) to enable an equivalent sum to be repaid to the Royal Bank of Scotland plc. In March 2018, we entered into a £75 million revolving credit facility split evenly with Barclays and HSBC until 2023, with an option to extend through to 2025, to replace the previous equivalent sum revolving credit facility with RBS and Barclays.

Given these long-term facilities, our freehold estate, significant free cash flow and the conservative financial ratios above, we have prepared these financial statements on a going concern basis.

RETIREMENT BENEFITS

We have a defined benefit pension scheme which has been closed to new entrants since 2003. During the course of the year, our pension and post retirement health care deficit has reduced by £6.7 million to £6.1 million. Compared with last year, we have witnessed a slight decrease in inflation and continued our commitment with another year of special contributions, this time totalling £1.2 million. We are committed to ensuring the pension scheme is adequately funded.

EXCEPTIONAL ITEMS

The majority of the £3.4 million exceptional items expenditure in the period relates to investment decisions to bring three tenanted pubs into our managed house estate and to acquire new businesses such as Smiths of Smithfield, the Park (Teddington) and the Bridge (Chertsey). Acquisition costs associated with business combinations have gone up as a result of increased activity this year: £1.2 million (2017: £0.2 million).

From time to time, we believe that we can achieve greater shareholder returns within our managed estate for certain pubs than within the Ram Pub Company. When this happens, and

when the time is right for our tenants and us, we agree with the tenant the amount of any compensation payable to terminate their lease agreements early. This compensation is expensed under IFRS and has been included within exceptional items.

The remaining exceptional items relate to a net increase in the property valuation of our estate of £0.3 million, as mentioned previously, along with a profit on disposal of a small number of tenanted pubs of £0.3 million.

Last year's exceptional items included a £0.7 million loss flowing from the expiry of our leases at Heathrow for the Three Bells and the Five Tuns, with the majority reflecting the write-off of goodwill recognised on the initial acquisition of Geronimo in December 2010.

TAX

Our corporation tax charge for the year was £7.5 million (2017: £7.0 million), with a fall of 0.5% pts in our effective corporation tax rate for the year, adjusted for exceptional items, to 19.3% mainly due to the decrease in the headline UK corporation tax rate to 19.0%.

The group's tax strategy has been published on the Young's website in accordance with recent UK tax law.

SHAREHOLDER RETURNS

Having started life in 1831, Young's is a long-standing business and we are determined to continue our long-term, sustainable growth story. We continue to deliver strong performances from our developments, focussing on both immediate and maintainable gains.

Our strong and sustainable cash flows support our acquisition and development programs to maintain our pubs at the premium end of the market, maximise future returns, maintain net debt at acceptable levels and to continue our proud record of consecutive dividend increases.

This year, we are pleased to recommend raising the annual dividend for the 21st consecutive year, by 6.0% again, to 10.20 pence. If approved by shareholders, this represents a total dividend for the year of 19.61 pence (2017: 18.50 pence), representing a real income increase from Young's shares.

Our adjusted earnings per share now stands at 67.74 pence per share, up 2.0%. On an unadjusted basis, earnings per share rose by 0.1% to 61.60 pence. These earnings per share figures result in a healthy dividend cover of 3.5 times and 3.1 times respectively.

OUTLOOK

We have certainly enjoyed a couple of very warm and sunny weeks recently. The first May Day Bank Holiday was a record breaker for many of our garden and riverside pubs. A welcome boost at the start of the new financial year, when we are up against very strong comparatives in the previous year. Managed houses revenue in the first seven weeks was up 11.0% in total and up 7.5% on a like-for-like basis.

British consumers have had a tough time of late. However, things are slowly beginning to look a little brighter with real wages now increasing, the rate of inflation decreasing and unemployment continuing to fall.

Our pub individuality, alongside our ability to give our talented general managers the freedom and flexibility to continue to innovate, is paramount to our continued success. Each general manager shares the belief of making their pub "famous for" whatever the community they serve requires, whether it be fabulous fish at the Crown and Anchor (Chichester), award-winning steaks at the Guinea (Mayfair) or continuing an association with a charity walk launched in 1979 by a trio of regulars at the Nightingale (Wandsworth).

This coming year, we face the second consecutive business rates increase, this time c. £1.6 million (2018: £1.8 million). Although we welcomed the Chancellor's announcement in the spring statement to bring forward the next rates valuation, we were disappointed that it didn't go far enough to modernise the method of calculating business rates in this growing digital age.

Against cost pressures, we're confident that the investments we've made during the past year will continue to propel us forward. Our investment in our new till technology will create further opportunities and bring productivity gains while our structured and sustainable investment programme and acquisitions will bear fruit in the coming year when we will see the full year benefit of Smiths of Smithfield (Smithfield Market) and the recently renamed Candlemaker (Cannon Street). We'll also benefit from a full year of the three transfers made last year from the Ram Pub Company into managed houses.

We still have plenty of opportunities to invest in our existing estate and we will also start to see a good return from the recently acquired Park (Teddington) and Bridge (Chertsey). Our new pub the Naturalist (Woodberry Down) also opens its doors later in the year.

We are active in the acquisition market. Whilst we have the necessary firepower thanks to our robust balance sheet, our strict internal investment criteria remain: for us it's about quality. We believe plenty of opportunities exist in our sector.

Although uncertainty prevails in both the political and economic environment, we are confident that our strategy of running differentiated well-invested, individual, premium pubs in high-demand locations will continue to deliver superior shareholder returns. By remaining flexible in our offer and investing in our people and technology, we will also continue to deliver outstanding customer service. Together, these create a recipe where the traditional British pub will never go out of fashion. As a result, I'm both excited and optimistic about the year ahead.

On behalf of the board

Patrick Dardis
Chief Executive
23 May 2018

Our pubs play an integral role in their individual neighbourhoods. Together, we put great emphasis on running a sustainable business that engages with our communities, employees and shareholders alike, creating a mutually beneficial culture.

OUR PEOPLE

The pub business is a people business; our talented teams bring our pubs to life and create the experiences and atmosphere that our customers enjoy. We have always believed that people are our greatest asset and how we engage, interact with and develop them is crucial in delivering our winning strategy. Just like our pubs, our people are very diverse; we currently employ 4,273 (2017: 3,854) people and each individual has their own development plan to help them achieve their full potential.

We were delighted to gain "employer provider" status for apprenticeships programmes during the year. We've always invested heavily in training our staff but having this formally recognised allows us to draw down on the funds created by last year's introduction of the Apprenticeship Levy and grow our own talent pool further through the Young's apprenticeship programme.

One part of the Young's apprenticeship programme includes an 18 month commitment focussing on progressing kitchen porters through to chefs. Our dedicated training teams launched the first apprenticeship programme in September 2017 and the second cohort will go live later this summer.

In addition to the apprenticeship programme, our trainers have delivered over 30,000 hours of training to our staff through bespoke development programmes via initiatives such as our Management Academy and Chef Career Pathway.

The Management Academy sets our future managers up for success and we're very proud of the fact that over two thirds of our general manager vacancies are filled with internal candidates.

The Chef Career Pathway nurtures our most talented kitchen staff through a variety of different roles so they can one day run their own kitchens as a Young's head chef. One of the many successes of the pathway is Bela who joined the programme two years ago and is now the head chef at one of our largest sales pubs, the Founder's Arms (Southwark).

We believe that as a robust and successful business we must have a strong pipeline of talent, a strategy which is illustrated by our continued promotion from within, even at the more senior positions.

In 2016 we welcomed Steven Robinson and Tracy Read to our board having previously built up their experience working for Young's across a number of positions. In 2017, this organic growth continued with Peter Taylor taking the reins as Head of Operations and Mark Loughborough and Trish Moody being promoted to Directors of Retail Operations, having both been successful Operations Managers.

Externally, we recruit people from different backgrounds and, where possible, give others a chance to rebuild. This year we've been working with "Only a Pavement Away", in partnership with Crisis, to help provide those made homeless or in danger of homelessness with jobs in the sector to help tackle the problem of sleeping rough.

OUR COMMUNITY

Our pubs play an important role in the communities in which they reside and we are very proud to be widely recognised as a responsible business. Our pubs have always taken the initiative to give something back, actively contributing to helping others, whether that is financially or through time and energy.

Probably the most touching story was when our general managers, Mick and Sarah at the Alexandra in Wimbledon Village, opened their doors for a free lunch and a drink to anyone alone on Christmas Day last year.

Their idea of tackling loneliness has been such a success that they have built on this with a new "Meet up Mondays" event, which provides complimentary games and refreshments for local retirees in the Wimbledon area each week.

Both Mick and Sarah were also at the centre of a social media campaign which reunited a builder with his pay packet after it was left in the pub before Christmas. In the six days between one of their team finding the pay packet and reuniting it with its rightful owner, the story was shared on Facebook over 1.5 million times and had been seen by over 3 million Twitter users.

Since 2012 Young's has partnered with the halow project, an initiative dedicated to supporting young people aged 16-35 with learning disabilities. Over the years, many employees throughout our organisation have completed the epic challenge which sees riders embark on a 250 mile bike ride to France and back, helping to raise over £350,000 for this wonderful charity.

In line with the Government's attempts to combat rising levels of obesity in the UK with the introduction of the sugar tax, we've worked with our soft drink suppliers to ensure low and zero sugar alternatives are readily available, whilst maintaining the choice of original recipe alternatives. We estimate our customers could reduce their annual total sugar consumption by up to 41 tonnes by switching to Coca Cola Zero Sugar on draught soft drinks.

OUR ENVIRONMENT

We are proud to announce that this year we achieved zero waste to landfill, as well as increasing the amount we recycle to 6,830 tonnes of waste (2017: 6,768 tonnes). Running a sustainable business and reducing our carbon footprint is important to us and we explore energy saving technologies during the refurbishment of each pub we undertake. This year, we've reduced our CO2 consumption by over 1,250,000kg as a result of our continued investment – the equivalent of planting over 5,500 trees.

We remain an active member of the Sustainable Restaurant Association and this year the key focus of our food strategy was to increase our use of locally grown, seasonal products to reduce further our carbon footprint. The best British produce, such as fresh fish from Brixham in Devon or asparagus cut in the fields of Markham Farm in Bicester, Oxfordshire, take pride of place on our individual pub menus.

We took 180 chefs on our "inspirational visits" trips this year; trips designed to give our chefs the true 'field to fork' experience. They learn how British seasonal produce may be caught, reared or grown and what makes these particular farms produce the best. This reinforces our food strategy of bringing more locally grown, seasonal products to our menus.

Finally, we replaced all existing plastic straws with a bio-degradable alternative in the year. However, this represents only a proportion of plastic used in our pubs so we are working with our suppliers to review other changes that can be made elsewhere in our supply chains.

Our 2018 Strategic Report, from pages 1 to 17, has been reviewed and approved by the Board of Directors on 23 May 2018.

Patrick Dardis
Chief Executive
23 May 2018

Welcome to our board of directors. Apart from Ian McHoul (who joined the board on 24 January 2018), all served throughout the period. No other person was a director during the period.

IM NM RL SG PD SR TC TSY TR

Stephen Goodyear
NON-EXECUTIVE CHAIRMAN (A)

Commenced role
April 2017 (appointed to the board in February 1996)

Skills and experience
Stephen has a considerable knowledge of, and passion for, Young's and the industry. He began his career with Courage Ltd in 1974 and joined Young's in 1995. In 2003, he became chief executive and oversaw the sale of the Ram Brewery, the creation of the tenanted Ram Pub Company and the transformation of Young's into a premium managed house business. The latter involved the acquisition of Geronimo Inns at the end of 2010 and the creation of a growing hotels operation. In 2016, Stephen stepped down as chief executive and became a non-executive director. In 2013, he was also the Master of the Brewers' Company. Stephen is approachable, measured, calm and influential, and provides invaluable support to the chief executive. As chairman, he is impartial and objective and encourages open and constructive debate.

Patrick Dardis
CHIEF EXECUTIVE (E) (D)

Commenced role
July 2016 (appointed to the board in July 2003)

Skills and experience
With over 35 years' experience working in the pub and brewing industry, Patrick has extensive knowledge and experience of the sector. Before joining Young's in 2002, he held various roles at Wolverhampton & Dudley Breweries PLC (now Marston's PLC), Guinness Brewing, Whitbread PLC and Courage Ltd. Over his time as retail director at Young's (2003-16), he developed his leadership skills further and was instrumental in making Young's the premium managed house operation it is today. Patrick is a council member of the British Beer and Pub Association and an executive committee member of the IFBB (see below). He understands the Young's business inside out, is well-known and very well respected both within Young's and the industry. Patrick brings unrivalled passion, drive and commitment to the role.

Other relevant external appointments
The Independent Family Brewers of Britain (director)

Steven Robinson, FCA
CHIEF FINANCIAL OFFICER (E) (D)

Commenced role
September 2016

Skills and experience
As the chief financial officer, Steve combines strong commercial and operational leadership with an intimate knowledge of our business and industry and therefore its challenges and opportunities. He qualified as a chartered accountant with Deloitte in 2004, becoming a fellow of the Institute of Chartered Accountants in August 2015. Immediately before joining the company in 2009, he held a number of finance roles at The Walt Disney Company (2004-09). Steve is strategic, proactive, analytical and team oriented. He is responsible for the group's financial strategy and stewardship, including forecasting, reporting, tax, treasury, and risk management.

Torquil Sligo-Young

INFORMATION RESOURCES Ⓔ Ⓓ

Commenced role
January 1997

Skills and experience
Torquil joined in 1985 and has held various positions in Young's. With his broad experience, he has overall responsibility for the group's technological needs and for health and safety – here, he delegates to experienced internal and external teams and oversees management of these areas. He heads up the in-house corporate social responsibility team and is chairman of a charitable trust set up by William Allen Young, a founder of the business. These latter two positions have seen a furthering of the company's relationship with the local community and various charities. Due to his length of service and knowledge of Young's, he is chairman of Young's Pension Trustees Limited (see below). Torquil brings a calmness to his position and, being a member of the founding family, he helps the company keep in touch with family shareholders.

Other relevant external appointments
The Aldenham Foundation (director) – a trustee of charities engaged in secondary, primary and nursery education

Friends of Holy Cross Hospital (chairman of the trustees) – supports the work of the hospital

William Allen Young Charitable Trust (chairman of the trustees)

Young's Pension Trustees Limited (chairman) – the trustee company that manages the Young & Co.'s Brewery, P.L.C. Pension Scheme

Tracy Read

PEOPLE Ⓔ Ⓓ

Commenced role
September 2016

Skills and experience
Tracy has overall responsibility for people matters, including personnel, training and development. She joined Young's in January 2015; before that, during eight years at The Orchid Group, another pub company, she held a number of roles, most recently Head of People. Tracy is experienced in delivering training and development programmes to support the company's strategy and help ensure the business has the right people and culture throughout it. She has a clear understanding of the group's premium-led strategy and her focus is on what is required to deliver that from a people perspective, remaining ever mindful of equality and gender diversity. Tracy leads by example, is a team player, communicates well and, as one would expect of someone holding her position, is very approachable and discreet.

Other relevant external appointments
Hospitality Apprenticeship Board (member)

Roger Lambert

NON-EXECUTIVE AND SENIOR INDEPENDENT Ⓐ (chair) Ⓡ

Commenced role
August 2008 (becoming senior independent in July 2011)

Skills and experience
Roger is a Partner at Peel Hunt LLP (see below) (2017 to date). He was previously Chairman of Corporate Broking at Canaccord Genuity (2010-16) and a member of the corporate finance team at J.P. Morgan Cazenove (1982-2008), most recently as a senior managing director covering the consumer sector. He started in 1982 as an analyst covering the brewing and pubs sector before moving into corporate finance where he has advised more than 25 companies in the sector. Roger has a wealth of relevant expertise in capital markets and brewing, drinks and hospitality. He brings gravitas to the senior independent role, along with financial astuteness to his chairmanship of the audit committee and strength of personality and charisma to his non-executive position.

Other relevant external appointments
Peel Hunt LLP (partner) – corporate broking, advisory and trading house focussing on mid and small-cap companies

Trish Corzine

NON-EXECUTIVE Ⓐ Ⓡ

Commenced role
January 2015

Skills and experience
With the majority of her career in the restaurant industry, Trish brings to the board more detailed knowledge and understanding of this part of the hospitality and leisure sector. This experience was gained primarily at The Restaurant Group plc where she spent 20 years, nine as an executive director responsible for their concessions business. She is commercially aware and understands the inner workings and challenges of running restaurants and food operations.

Nick Miller

NON-EXECUTIVE Ⓐ Ⓡ (chair)

Commenced role
April 2017

Skills and experience
Nick has a wealth of industry experience in hospitality, leisure and brewing. Most recently, he was the CEO of Meantime Brewing Company (2011-16) and before that he was the MD of Miller Brands, the UK arm of SAB Miller, the multinational brewing and beverage company. Nick has an excellent reputation in our industry. He is a particularly perceptive businessman, with significant experience and demonstrable career success at both Meantime and SAB Miller. With this background, he is able and prepared to challenge the executive. He has brought a strong and valuable external perspective to the board. With his recent executive experience, strength of character and willingness and ability to engage, he is well placed to lead the remuneration committee.

Other relevant external appointments
Hogs Back Brewery Limited (director) – a Surrey-based brewer

Higsons 1780 Limited (observer and consultant) – a Liverpool-based brewer

Ian McHoul

NON-EXECUTIVE Ⓐ

Commenced role
January 2018

Skills and experience
Ian is a chartered accountant and an experienced non-executive director: Premier Foods plc (2004-13), Britvic Plc (2014 to date, appointed as senior independent director in 2017), John Wood Group plc (2017-18) and Bellway Plc (2018 to date). Most recently, Ian was the chief financial officer of Amec Foster Wheeler plc (2008-17) (having also been the interim CEO there) and before then was involved in the brewing and licensed retail industry in a variety of positions (1985-2008). With his considerable experience, his contribution both in and outside of board meetings is insightful. At a personal level, his ability to listen, build trust and encourage means he is able to act as a mentor to others, especially Steve Robinson.

Other relevant external appointments
Bellway Plc (director) – a major listed UK residential property developer based in Newcastle upon Tyne

Britvic Plc (director) – a major listed UK producer of soft drinks based in Hemel Hempstead

Committee membership
- Ⓔ Executive committee
- Ⓐ Audit committee
- Ⓡ Remuneration committee
- Ⓓ Disclosure committee
- ● Chair of committee

Directors' interests in the company's share capital

Set out below are the interests in the company's share capital of the directors who held office at the end of the period and of the persons closely associated with them (as defined in the Market Abuse Regulation). These interests are in addition to those shown in note 8(e) on page 54.

		As at	A shares	Non-voting shares
Stephen Goodyear (i), (ii)	Beneficial	**2 April 2018**	**224,001**	**–**
		3 April 2017	240,930	–
Patrick Dardis (i), (ii)	Beneficial	**2 April 2018**	**82,772**	**–**
		3 April 2017	79,195	–
Steven Robinson (i)	Beneficial	**2 April 2018**	**30,569**	**–**
		3 April 2017	20,620	–
Torquil Sligo-Young (i), (ii), (iii)	Beneficial	**2 April 2018**	**301,980**	**–**
		3 April 2017	305,016	–
	Trustee	**2 April 2018**	**4,154,340**	**649,914**
		3 April 2017	4,154,340	649,914
Tracy Read (i)	Beneficial	**2 April 2018**	**2,579**	**–**
		3 April 2017	–	–
Roger Lambert	Beneficial	**2 April 2018**	**5,250**	**5,000**
		3 April 2017	5,250	5,000
Trish Corzine	Beneficial	**2 April 2018**	**1,000**	**5,000**
		3 April 2017	1,000	5,000
Nick Miller (iv)	Beneficial	**2 April 2018**	**55,000**	**–**
Ian McHoul (iv)	Beneficial	**2 April 2018**	**–**	**–**

(i) Also interested in 7,345 (2017: 66,991) A shares held in trust by RBT II Trustees Limited – see note 29 on page 74.
(ii) Also interested in 337,067 (2017: 337,067) A shares held in trust by Young's Pension Trustees Limited – see note 29 on page 74.
(iii) Torquil and various members of his immediate family are discretionary beneficiaries under trusts holding 836,368 (2017: 836,368) of the A shares and 553,866 (2017: 553,866) of the non-voting shares in respect of which Torquil Sligo-Young is shown as trustee in the above table.
(iv) No comparative numbers are shown for Nick or Ian as they were not directors as at 3 April 2017.

Profit and dividends

The profit for the period attributable to shareholders was £30.1 million. The directors recommend a final dividend for the period of 10.20 pence per share (which, subject to approval at the AGM, is expected to be paid on 12 July 2018 to shareholders on the register at the close of business on 8 June 2018). When added to the interim dividend of 9.41 pence per share paid in December 2017, this would produce a total dividend for the period of 19.61 pence per share.

Disclosure of information to the auditor

Each of the directors shown on pages 18 and 19 confirms that so far as he or she is aware, there is no information needed by the company's auditor in connection with preparing its report of which the company's auditor is unaware. Further, each of them confirms that he or she has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any such information and to establish that the company's auditor is aware of it. This paragraph is to be interpreted in accordance with section 418 of the Companies Act 2006.

Qualifying indemnity provisions

The company's articles of association contains an indemnity provision for the benefit of the directors; this provision, which is a qualifying third party indemnity provision, is in force at the date of this report and applied throughout the period for the benefit of those who were then directors of the company. An additional qualifying third party indemnity provision is also in force at the date of this report; this benefits, amongst others, the executive directors and Stephen Goodyear, and relates to certain losses and liabilities which they may incur in connection with certain property-related matters.

Important events since the end of the period and likely future developments

As permitted under section 414C(11) of the Companies Act 2006, the directors have chosen to include in the strategic report (on pages 1 to 17) particulars of important events affecting the group which have occurred since the end of the period and an indication of likely future developments in the group's business.

Donations

No political donations were made.

Financial instruments and related matters

Included in note 23 on page 64 are the group's financial risk management objectives and policies and an indication of the group's exposure to certain risks.

Employees

Considerable importance is placed on communications with employees and so, within the limitation of commercial confidentiality and security, Young's provided them with information concerning trading, development and other appropriate matters. It did this at many levels throughout the business, both formally and informally, including through management presentations. It also consulted regularly with employees and their representatives thereby enabling the board to have regard to their views when making decisions likely to affect their interests; in connection with this, Young's continued to operate an information and consultation committee with its members being drawn from departments based at Riverside House in Wandsworth. The company's integrated appraisal and development process, designed to improve communications and the company's performance, remained in place, and the company continued to operate a bonus scheme for eligible employees. To encourage further involvement in the group's performance, the company invited all employees of the group who had been continuously employed on and from the start of the period to join the group's savings-related share option scheme for 2017. After saving for a three-year period (through deductions from net salary), scheme members can then buy A shares in the company if they choose to do so at 1,066 pence per share, being a discount of just under 20% to the market price at the time the invitations were issued. Young's maintained its policy of giving full and fair consideration to all applications for employment, including those made by disabled people, taking account of the applicant's particular aptitude and ability; of seeking to continue to employ anyone who becomes disabled while employed by the company and arranging training in a role appropriate to the person's changed circumstances; and of giving all employees, including disabled employees, equal opportunities for training, career development and promotion.

Corporate governance

The group's report on corporate governance is set out on pages 22 to 34. That report forms part of this report and is incorporated by reference.

AIM

The company's shares are traded on AIM. There are no other exchanges or trading platforms on which the company has applied or agreed to have its shares admitted or traded.

AGM

Notice convening the AGM and an explanation of the resolutions being proposed are set out on pages 77 to 81.

Notifications of major holdings of voting rights

As at 2 April 2018 the company had been notified of the following holdings of 3% or more of the voting rights in the company:

Torquil Sligo-Young	14.82%	Canaccord Genuity Group Inc.	5.55%
James Young	13.81%	Lindsell Train Limited	5.28%
Caroline Chelton	11.70%	BlackRock Investment Management (UK) Ltd	<5.00%
Octopus Investments Nominees Ltd	6.04%	Helena Young	3.12%

On 20 April 2018, James Young notified the company that his holding had then changed to 12.99%. No other changes in the above holdings, and no other holdings of 3% or more of the voting rights in the company, had been notified to the company between 3 April 2018 and 20 May 2018, both dates inclusive.

Statement of certain responsibilities in relation to the financial statements and otherwise

For each financial period the directors are required to prepare an annual report (made up of a strategic report and a directors' report) and a set of financial statements. The latter must be prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and applicable law, and must present fairly the financial position of the group and the financial performance and cash flows of the group for the relevant period. As regards the company's financial statements (as opposed to the ones for the group), the directors have chosen to prepare them under IFRS too. In preparing the financial statements, the directors have to make judgements and accounting estimates that are reasonable and prudent, select suitable accounting policies and then apply them consistently, and information, including accounting policies, must be presented in a manner that provides relevant, reliable and comparable information. There also has to be included a note that the group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements. Under the Companies Act 2006, the directors are responsible for keeping accounting records which disclose with reasonable accuracy, at any time, the financial position of the group and the company at that time and are such to enable them to ensure that the financial statements comply with that Act. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Preparation and disclaimer

This annual report, together with the strategic report (on pages 1 to 17) and the financial statements for the period ended 2 April 2018 have been drawn up and presented for the purpose of complying with English law. Any liability arising out of or in connection with them will also be determined in accordance with English law.

By order of the board
ANTHONY SCHROEDER
Company Secretary
23 May 2018

We firmly believe that by encouraging the right way of thinking and behaving across all our people, our corporate governance culture is reinforced, enabling us to conduct business sustainably and responsibly, drive our premium, customer-focussed, people-led strategy and deliver value for our shareholders.

Stephen Goodyear, Chairman

Dear fellow shareholder,

I am incredibly proud to have been part of the Young's story for many years now. Its success has not come without its challenges and has been against a continually changing political, legal and regulatory backdrop. A constant, however, has been the need to adapt and for the governance infrastructure that supports our business to evolve accordingly.

Back in 2005

Those, like me, who were shareholders back in 2005 may well remember that Young's moved from the Official List to AIM in July of that year. As a result, and as was explained at the time, the Combined Code (now known as the UK Corporate Governance Code) ceased to apply directly to us; no equivalent requirement applied to companies on AIM. The Combined Code set out standards of good practice for listed companies on board composition and development, remuneration, shareholder relations, accountability and audit.

Despite the Combined Code no longer applying to us, the board remained committed to good corporate governance in the management and operation of the group's business; it continued the good habits instilled from our time on the Official List and chose to use as a guide the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 (the "QCA Code"). It was felt that this was appropriate as the QCA Code adopted key elements of the UK Corporate Governance Code, policy initiatives and other relevant guidance and then applied those to the needs and particular circumstances of small and mid-size quoted companies on a public market.

Now

In March 2018, the London Stock Exchange introduced a new rule applicable to Young's as a company on AIM; going forward, we will be required to apply a recognised corporate governance code and will have to provide details of it on our website and then explain how we comply with that code and include reasons where we have departed from it. This information is to be reviewed annually and our website will need to include the date on which this was last done. This rule takes effect from 28 September 2018.

Towards the end of April 2018, the Quoted Companies Alliance released a new and fully updated QCA Corporate Governance Code. As a board, we are currently considering this and its impact on the group's corporate governance arrangements. We will confirm in due course, via disclosure on our website, the code we decide to apply.

Ongoing

As Chairman, it remains my responsibility, working with my fellow board colleagues, to ensure that good standards of corporate governance are embraced throughout the group. As a board, we set clear expectations concerning the group's culture, values and behaviours. By way of example, each person starting at one of our pubs receives a training journal designed to support them through their induction – this not only covers our vision and values, but also explains how we go about caring for our customers, right from their decision to come to our pub through to a goodbye at the end of their visit. This is so important if we are to develop our people to delight our customers. The learnings from this four-week induction programme then become instinctive over a member of staff's time with us. We firmly believe that by encouraging the right way of thinking and behaving across all our people, our corporate governance culture is reinforced, enabling us to conduct business sustainably and responsibly, drive our premium, customer-focussed, people-led strategy and deliver value for our shareholders. Within this framework, those managing our pubs are encouraged to be entrepreneurial, supported by policies, processes and an extensive training program. We accept that simply setting expectations is insufficient and so the board understands how important it is that it leads by example: it is therefore regularly seen out and about engaging with staff, customers and others, and the executive team, in particular, communicates regularly with staff through meetings and messages and at events. Being seen isn't always good – sometimes, just fading into the background with a pint (or two) of Young's whilst observing and listening can be really educational. Our relatively informal approach here is supported by more formal processes, such as a customer mystery diner program and staff appraisals. Together, these lead the board to believe that the group has a healthy corporate culture throughout the business.

Shareholder engagement

I am ever mindful of the need to ensure that we regularly engage with you, our shareholders. On page 29 we've set out what we do in this regard; the AGM is a key part of this and I look forward to meeting with you at this year's AGM in Wandsworth on Tuesday, 10 July 2018.

Stephen Goodyear
Chairman
23 May 2018

Leadership

Board composition

The board is made up of a non-executive chairman: Stephen Goodyear; four executive directors: Patrick Dardis, Steven Robinson, Torquil Sligo-Young and Tracy Read; and four further non-executive directors: Roger Lambert, Trish Corzine, Nick Miller and Ian McHoul. Their skills and experience are summarised on pages 18 and 19.

The role of the board and its committees

The board

The board is collectively responsible for the success of the company and the business and management of the group. Its role includes:

- approving the group's long-term objectives, commercial strategy and annual budgets;
- approving acquisitions and disposals;
- ensuring maintenance of sound management and internal control systems; and
- overseeing the group's operations, ensuring competent and prudent management, sound planning, adequate accounting and other records, and compliance with statutory and regulatory obligations.

The board governs through its executive management and via committees, the principal ones of which are set out below.

Executive committee	Audit committee	Remuneration committee	Disclosure committee
It is responsible for the daily running of the group and the execution of approved policies and the business plan. It usually meets on a weekly basis, with members of staff invited to attend as appropriate.	Its primary focus is on corporate reporting (from an external perspective) and on monitoring the company's internal control and risk management systems (from an internal perspective). Further details on the committee's responsibilities and activities are on pages 30 to 33.	Its primary function is to determine, on behalf of the board, the remuneration packages of the executive directors. Further details on the committee and the company's reward policy are on page 34.	Its primary function is to assist the company in making timely and accurate disclosure of any information required to be disclosed in order to meet legal and regulatory obligations.

Chairman: Patrick Dardis	**Chairman:** Roger Lambert	**Chairman:** Nick Miller	**Chairman:** Steven Robinson
Other members: Steven Robinson, Torquil Sligo-Young, Tracy Read	**Other members:** Stephen Goodyear, Trish Corzine, Nick Miller, Ian McHoul	**Other members:** Roger Lambert, Trish Corzine	**Other members:** Patrick Dardis, Torquil Sligo-Young, Tracy Read

The terms of reference for the audit, remuneration and disclosure committees can be found in the investors section of www.youngs.co.uk.

Board meetings and activities during the period

Meetings

The board meets every two months, with additional meetings arranged as required. It met 11 times during the period; this included a strategy day held in the autumn. Most meetings take place at Riverside House; occasionally, they are held at one of the group's pubs, thus providing the board with further opportunities to keep up-to-date with the group's business and how particular pubs are performing.

A formal agenda, made up of regular and other specific business matters, and a supporting pack is provided to each member of the board sufficiently in advance of each meeting to ensure there is time for these to be reviewed. The agendas are prepared by the company secretary and agreed with the chairman and the chief executive.

Included in the pack for each of the board's scheduled meetings is a report from the chief executive, a latest forecast, a health and safety report, a people report, a property report and details of any material claims against the group. At the meetings, the executive directors expand upon what is covered in their reports and the company secretary updates the board on matters for which he is responsible. The chairmen of the company's audit, remuneration and disclosure committees also report formally at board meetings on the proceedings of their committees; with some exceptions on remuneration matters, the minutes of those committee meetings are also circulated to members of the board.

Autumn strategy meeting

The board is joined by relevant departmental heads to discuss the group's strategy. This in-depth day gives management and the non-executives an opportunity to discuss a variety of matters. Once the strategy is agreed, management is able to build the budgets for the following year and develop longer-term plans. The key matters covered at this year's strategy meeting were:

- a half-year trading update;
- the group's long-term business plan;
- financing/debt options; and
- challenges and capacity for growth within the group's current capital and operating structure.

From time to time, senior managers are invited to attend board meetings to provide updates on developments in their areas of responsibility.

Open and constructive debate in meetings is always encouraged by the chairman and he ensures that matters are challenged and discussed before any decision that needs to be made is made.

The 'formal' flow of information in board meetings is in addition to information exchanged outside of those meetings, often in relation to ad hoc matters that need considering between meetings. The directors also receive, at least on a weekly basis, the group's sales numbers, and, on a monthly basis, a management accounts pack containing, amongst other things, a summary of the group's financial and non-financial performance, sales information for drink and food and the group's financial position and cash flow. There are also regular meetings of non-executives with one or more of the executive directors outside of board meetings.

The board has a procedure in place such that it can consider and, if it sees fit, authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the company; this is set out in article 63 of the company's articles of association.

Matters reserved for the board

The board has a formal written schedule of matters reserved for its review and approval; this schedule includes those matters described in *The role of the board and its committees* section on page 23 as well as those in the following table.

Category	Examples
Strategy and management	Extension of the group's activities into new business or geographic areas; cessation of the operation of all or any material part of the group's business.
Structure and capital	Changes relating to the group's capital structure; major changes to the group's corporate or management and control structure; changes to the company's listing or its status as a plc.
Financial reporting and controls	Approval of the following: annual report and accounts, preliminary announcements of results, significant changes in accounting policies or practices, treasury policies, certain unbudgeted capital or operating expenditure; declaration or recommendation of dividends; review and approval of expenditure authorisation limits.
Contracts	Contracts in the ordinary course of business material strategically or by reason of size; contracts not in the ordinary course of business; major investments.
Communication	Approval of resolutions, circulars, prospectuses and press releases concerning matters decided by the board.
Board membership and other appointments	Changes to the structure, size and composition of the board; ensuring adequate succession planning for the board and senior management; board appointments; selection of the chairman and the chief executive; appointment of the senior independent director; membership and chairmanship of board committees; continuation in office of directors; appointment or removal of the company secretary; appointment, reappointment or removal of the external auditor to be put to shareholders for approval.
Remuneration	Approving the remuneration policy for the directors; determining the initial remuneration of the non-executive directors; introduction of new share incentive plans or major changes to existing plans.
Delegation of authority	Division of responsibilities between the chairman and the chief executive; establishing board committees and approving their terms of reference.
Corporate governance	Undertaking any formal and rigorous review of the board's own performance, that of its committees and individual directors, and the division of responsibilities; determining the independence of non-executive directors; review of the group's overall corporate governance arrangements; authorising conflicts of interest where permitted by the company's articles of association.
Policies and procedures	Approval of the following: manual on compliance with the AIM Rules and aspects of the Market Abuse Regulation, company's insider list manual, dealing code, anti-bribery policy, whistleblowing policy and health and safety policy.

Particular matters considered during the period

Excluding those matters that generally come up each year and the strategy day (see previously), the board's key activities in the period surrounded:

- a review of the group's activities as part of its commitment to combatting slavery and human trafficking, culminating in the approval of a slavery and human trafficking statement, a copy of which is available on www.youngs.co.uk;
- consideration of the group's debt structure, leading to the borrowing of £20 million (see note 23 on pages 64 to 67) to enable an equivalent sum to be repaid to the Royal Bank of Scotland plc, and a re-financing of the group's £75 million revolving credit facility (see note 23);
- consideration of the group's brand licence and drinks supply arrangements with Charles Wells Brewery Ltd and their novation to a wholly-owned subsidiary of Marston's plc;
- the decision for both Roger Lambert and Trish Corzine to continue in office following the expiry of their fixed terms of office and the new appointment of Ian McHoul as an additional non-executive director;
- the review and approval of updates to various of the company's compliance manuals, including the manual on compliance with the AIM Rules and aspects of the Market Abuse Regulation;
- discussions regarding the triennial valuation of the group's pension scheme, including the financial assumptions underlying it, appropriate future contribution rates and the introduction of a contingent asset arrangement (see note 25 on page 69);
- the use of some of the shares held in the Ram Brewery Trust II to satisfy the exercise of options under the company's Save-As-You-Earn ("SAYE") scheme;
- the impact (from May 2018) of the General Data Protection Regulation on the group's operations;
- consideration of developments in marketing and the group's proposed plans to deliver innovative marketing activities to meet customers' needs and raise expectations;
- consideration of the group's corporate governance arrangements; and
- approval and publication of the company's tax strategy and its gender pay gap information.

Directors and the company secretary

Roles and responsibilities

There is a clear division of responsibility at the head of the company.

Chairman: is responsible for:	Chief Executive: has overall responsibility for:
• leading an effective board; • fostering a good corporate governance culture; and • ensuring appropriate strategic focus and direction.	• proposing the strategic focus to the board; • implementing the strategy once it has been approved; and • managing the group's business.
Senior Independent Director	**Executive directors**
Acts as a sounding board for, and provides support and advice to, the chairman and other board members. Also available to shareholders and any of the directors should they have a concern that cannot be raised through the normal channels.	All have particular roles and areas of responsibility – see above and pages 18 and 19. They are responsible for the day-to-day running of the business.
Non-executive directors	**Company secretary**
Are required, amongst other things, to constructively challenge and contribute to the development of strategy, to scrutinise the performance of management in meeting agreed goals and objectives and to monitor the reporting of performance. They play their part by being knowledgeable business people who bring a wide range of skills and experiences to the board.	Acts as a channel through which the directors, particularly the non-executives, gain an understanding of the workings of the company. All the directors are entitled to seek advice from him and he provides guidance and information to all of them. He also plays a key part in helping the board ensure that it is aware of, and that the company meets, its regulatory obligations.

Attendance at board and committee meetings

Meeting attendance	Board (i)	Audit committee	Remuneration committee
Number of meetings	10	3	4
Stephen Goodyear	10	3	-
Patrick Dardis	10	-	-
Steven Robinson	10	-	-
Torquil Sligo-Young	10	-	-
Tracy Read	10	-	-
Roger Lambert	10	3	4
Trish Corzine	8	3	3
Nick Miller	8	2	4
Ian McHoul (ii)	3	1	-

(i) Does not include the autumn strategy meeting.
(ii) Ian was appointed to the board in January 2018 – he attended all the meetings he was eligible to attend.

Independence

The board asserts, based on its experience that all the non-executive directors act independently in character and judgement. It is recognised that only Trish Corzine and Ian McHoul can be considered independent when judged against the UK Corporate Governance Code. The board, however, considers Roger Lambert to be independent despite having served on the board for more than 9 years. In reaching this conclusion, the board considered the length of Roger's period in office, his other external commitments, the objective manner in which he has provided support to the chairman and other board members and his strength of character and attitude of mind. Nick Miller is also regarded as independent by the board even though he was, up until 31 March 2016, a director of the Meantime Brewing Company, a supplier to the group. In looking at Nick's position, the board concluded that there was nothing to suggest that his former directorship was likely to affect, or could appear to affect, his judgement, particularly as he did not become a director of the company until after he had left Meantime and he is not involved in decisions as regards the group's supply arrangements. Having recently been the company's chief executive, Stephen Goodyear is not independent.

Balance and size

The directors consider that the board is well-balanced and has the right number of members for the size of the group.

Nominations, appointments and inductions

In practice, the chairman and the chief executive lead on the board nomination and appointment process. They consider the balance of skills, knowledge and experience on the board and make appropriate recommendations for consideration by the whole board. This process has been used effectively for a number of years and has led the board to remain of the view that it should continue to operate in this way rather than through a more formal nomination committee. Other senior appointments are made by the chief executive in discussion with the chairman.

New directors undertake a tailored induction programme, as appropriate, and receive education and training on the AIM Rules from the company's nominated adviser. The company secretary spends time with new directors ensuring they understand the key procedures they need to comply with and he also provides them with an induction pack covering or containing:

- regulatory matters (e.g. the company's articles of association, the AIM Rules, the company's manual on compliance with the AIM Rules and aspects of the Market Abuse Regulation, the company's insider list manual and a note on directors' duties);
- internal policies (e.g. anti-bribery; pub purchases, pub refurbishment projects and schedule of matters reserved for the board);
- internal information (e.g. diary dates and D&O certificates);
- public information (e.g. latest annual and interim reports and any circulars issued in the last 12 months); and
- terms of reference for the audit, remuneration and disclosure committees.

Re-appointment of directors and notice periods

Once appointed, the company's articles of association ensure that any new director is subject to re-appointment by the company's voting shareholders at the next AGM – this applies to Ian McHoul at this year's AGM. Directors are then subject to a further re-appointment vote every third AGM after that – this applies to Torquil Sligo-Young, Roger Lambert and Trish Corzine at this year's AGM. All are seeking re-appointment.

Subject to shareholder re-appointment, the executive directors have been appointed for indefinite periods and are generally entitled to not less than one year's notice if the company wishes to terminate their appointment. In return, the executive directors have to give not less than the notice shown in the table below if they wish to leave.

The non-executives have been appointed for fixed terms which are terminable earlier by them or the company giving not less than six months' notice and they are likewise subject to shareholder re-appointment. The expiry dates of their current fixed terms are shown in the following table:

Executive directors	Notice period from the director	Non-executive directors	Fixed term expiry dates
Patrick Dardis	One year	Stephen Goodyear	3 April 2020
Steven Robinson	One year	Roger Lambert	31 July 2020
Torquil Sligo-Young	Six months	Trish Corzine	11 January 2021
Tracy Read	One year	Nick Miller	3 April 2020
		Ian McHoul	23 January 2021

Time commitment

The executive directors are expected to devote substantially the whole of their time, attention and ability to their duties, whereas, as one would expect, the non-executives have a lesser time commitment. Apart from the chairman, who has agreed to spend 30-50 days a year on work for the company, it is anticipated that each of the non-executives will dedicate 15 days a year. The non-executive directors have all confirmed that they are able to allocate sufficient time to meet the expectations of their role, and they are required to obtain the chairman's agreement (or, in the case of the chairman, the chief executive's agreement) before accepting additional commitments that might affect the time they are able to devote.

Service contracts and letters of appointment

Copies of the executive directors' service contracts and copies of the letters of appointment of the non-executive directors are available for inspection at the company's registered office.

Training, development and advice

From time to time, the directors, as appropriate, attend training courses, conferences and/or industry forums, read technical and other journals and undertake online learning to keep up-to-date on various matters. They also attend relevant specialist briefings, some of which form part of board or executive committee meetings. The directors, executive and non-executive, regularly spend time out in the trade with fellow directors, shareholders, members of staff, colleagues and friends: this helps to keep them up-to-date with the group's operations, developments in the market and the competition.

Once a year, the company secretary provides education and training to the executive directors on the company's manual on compliance with the AIM Rules and aspects of the Market Abuse Regulation, and to all the directors on the company's dealing code. The company's nominated adviser also provides education and training to all the directors annually on the AIM Rules.

Subject to certain limitations, all the directors are entitled to obtain independent professional advice at the company's expense.

J.P. Morgan Cazenove and Slaughter and May are advisers to the board. The former is the company's nominated adviser and joint broker; in its capacity as nominated adviser, it is responsible to the London Stock Exchange for providing advice and guidance in relation to the company's continuing obligations resulting from its admission to AIM. Slaughter and May is an international law firm headquartered in London that the board calls on for legal advice and services from time to time.

Performance evaluation

The chief executive currently conducts rigorous annual performance appraisals of the three executive directors that report to him, supported by monthly 1:1 meetings. The chairman, on behalf of the board, has agreed to look into performance evaluation of the other directors, the board (taken as a whole) and the board's committees; this will be done in conjunction with the company's people director.

Liability insurance cover for directors and officers

The company maintains, at its own expense, insurance cover in respect of legal action against its directors and officers.

Risk

The board as a whole oversees risk. With the chief executive having overall responsibility for implementing the group's strategy, it is the executive committee, as a group under his leadership, that is primarily responsible for keeping abreast of developments that may affect delivery of that strategy (especially in terms of their likelihood and impact), identifying any mitigating actions that could be taken and then ensuring, as far as possible, those actions are taken – here the executive team's experience and management, collectively and individually, is vital. That informal process then feeds through to the whole board when it considers, on an annual basis, the list of principal risks (and uncertainties) for inclusion in the company's annual strategic report (see pages 8 and 9). Additionally, the executive committee, but this time lead by the chief financial officer, regularly considers the group's financial controls memorandum – this comprehensive and internally-focussed document identifies a number of financial-related risks and, for each of them, sets out the potential business impact, potential for occurrence, what mitigating controls are in place and who within the business has responsibility for managing the control. That document is considered by the audit committee before being submitted to the board for approval. Although the board has overall responsibility for the group's systems of internal control and risk management and for reviewing their effectiveness, the audit committee performs an important role in monitoring those systems – a summary of what the committee did during the period in this regard is set out in the audit committee section of this report.

Shareholders Relations

Copies of the annual report (which includes the notice of AGM) and the interim report are sent to all shareholders and copies can be downloaded from the investors section of www.youngs.co.uk. Other information for shareholders and interested parties is also provided on our website, including the preliminary and half-year results presentations to the City.

The company has an on-going programme of individual meetings with institutional shareholders and analysts following the preliminary and half-year results presentations to the City. These meetings allow the chief executive and the chief financial officer to update shareholders on strategy and the group's performance. Additional meetings with institutional investors and/or analysts are arranged from time to time. All board members receive copies of feedback reports from the City presentations and meetings, thus keeping them in touch with shareholder opinion.

Stephen Goodyear, Patrick Dardis and Torquil Sligo-Young are the key contacts with the company's family shareholders, with Torquil Sligo-Young having a specific part to play in keeping in touch with them.

Roger Lambert, as the senior independent director, and the other non-executive directors are all willing to engage with shareholders should they have a concern that is not resolved through the normal channels.

The company secretary can also be contacted by shareholders on matters of governance and investor relations.

The board supports the use of the AGM to communicate, in particular, with private investors. The meeting is well attended and all shareholders are given the opportunity to ask questions and raise issues; this can be done formally during the meeting or informally with the directors after it.

At the AGM, the company proposes a separate resolution on each substantially separate issue. For each resolution, proxy appointment forms are issued which provide voting shareholders with the option to vote in advance of the AGM if they are unable to attend in person. All valid proxy votes received for the AGM are properly recorded and counted by Computershare, the company's registrars. Voting at the AGM is by a show of hands unless a poll is called for – in this regard, the chairman is aware of the possible need to exercise his powers as chairman and demand a poll to ensure that the vote represents the voting intentions of those shareholders who have appointed the chairman as proxy as well as those present at the meeting. As soon as practicable after the AGM has finished, the results of the meeting are released through a regulatory news service, and a copy of the announcement is posted on the Company News page within the investors section of www.youngs.co.uk. The announcement also provides, for information, details of the total number of voting shares in issue and the number of shares in respect of which valid proxy appointments were received; a table is included showing the number of votes for and against each resolution and also the number within the chairman's discretion – excluded from the table are abstentions/votes withheld and proxy appointments received from holders who appointed someone other than the chairman of the meeting as their proxy.

Audit committee

All the committee's members understand the essential role the committee plays in the company's corporate governance arrangements, focussing, as it does, on corporate reporting and on monitoring the company's internal control and risk management systems.

Roger Lambert, Committee Chairman

Major tasks

During the period, the major tasks undertaken by the committee (in addition to those mentioned elsewhere in this report) were:

- ☑ a review of the group's preliminary announcements of interim and final results, and the results themselves, all prior to review by the board;
- ☑ a review of the group's cyber security arrangements and the group's information systems security management policy;
- ☑ the setting of the group's internal audit plan and the review of reports prepared by the group's internal audit manager;
- ☑ oversight of the integration of the new external audit partner to continue the delivery of a robust audit plan; and
- ☑ a review of the group's systems of internal control and risk management.

Committee membership

The committee, chaired by Roger Lambert, comprises the board's five non-executive directors. All of them served on the committee throughout the period, apart from Ian McHoul who joined the committee in January following his appointment to the board. The members of the committee consider that they have the requisite skills and experience to fulfil the committee's responsibilities.

Committee meetings and attendance

The committee met three times during the period (in May, November and March) and the table on page 27 sets out each member's attendance record. The chief financial officer joined the meetings, as did the company's audit partner and audit manager at Ernst & Young LLP ("EY") when the meeting related to the group's full-year and half-year results. Other senior members of staff joined the meetings, as appropriate. As part of the meetings, the committee met separately with the group's internal audit manager and with the company's audit partner and audit manager at EY, in each case without any other member of the group's management present; this gave them the opportunity to raise any concerns they had and any issues arising from their work.

Advice, guidance and information

Formal agendas and reports are provided to the committee a week before its meetings, along with other information to enable it to discharge its duties. Amongst the information and reports provided to the committee during the period (other than those referred to elsewhere in this section and in the *Risk and internal control* section) were: full-year and half-year reports prepared by EY; draft engagement and management representation letters; an updated financial controls memorandum for approval; the group's procedures for whistleblowing, detecting fraud and preventing bribery; a schedule of non-audit work performed by EY; a schedule of director's expenses; a copy of the committee's terms of reference and a draft audit timetable.

Areas of responsibility

The committee's responsibilities are split into four distinct areas:

Financial reporting
Primarily, monitoring the integrity of the company's financial statements.

Internal control and risk management
Chiefly, monitoring the integrity, adequacy and effectiveness of the company's internal control and risk management systems.

Internal audit
Mainly, reviewing and approving the company's internal audit plan and monitoring and assessing the effectiveness of the company's internal audit function in the context of the company's overall risk management system.

External audit
Principally, overseeing the company's relationship with its external auditor, reviewing the effectiveness of the company's external audit process and assessing the independence of the company's external auditor.

These and the committee's other duties are set out in the committee's terms of reference, a copy of which can be found in the investors section of www.youngs.co.uk.

Significant matters considered in relation to the financial statements

The following table sets out what the committee regards as the significant matters considered by it in relation to the group's financial statements and how they were addressed.

Matter	How addressed
Value of the group's pub estate	This is by far the largest number on the balance sheet at 2 April 2018 and note 17 on page 60 explains the valuation exercise undertaken. The committee focussed its attention on understanding and challenging the annual valuation exercise and the appropriate accounting approach and disclosures; it did this by reviewing the approach, the key assumptions, the valuation reports and other documentation analysing the outcome of the exercise. Management's valuation process was also assessed by EY, enabling them to confirm to the committee that the valuation exercise was in accordance with accounting standards (IAS 16 and IFRS 13) and in line with common practice in the industry. As a result of the above, the committee was satisfied that a thorough and robust valuation exercise had been undertaken, with appropriate challenges by EY and the committee, and that appropriate values were reflected in the balance sheet at 2 April 2018.
Deferred taxation	Management, with help from the group's in-house tax manager, made judgements and produced detailed calculations supporting the estimated deferred tax movement and year-end balance. The workings produced supported the deferred tax liability on the rollover gains and property revaluations on each pub, as well as the deferred tax assets. EY audited these calculations and workings. The committee then challenged the exercise undertaken as a whole. The outcome was that the committee was satisfied that the deferred tax provision shown in the balance sheet at 2 April 2018 was appropriate.
Supplier rebates	Management only recognises these when the group has met all relevant obligations – see note 3(u) on page 50. EY audited these rebates: this involved (a) understanding management's processes and controls over the recognition of rebates, (b) reviewing a sample of supplier agreements and understanding their key terms, (c) recalculating a sample of the rebates and agreeing them to invoices and (d) verifying that rebates had been appropriately recorded in the correct period, by reference to supplier statements and post year-end settlement. Direct confirmation from a sample of suppliers of their liability to the company was also obtained. The overall results of this testing confirmed the committee's expectation of the likely level of rebate due when compared with the previous year and gave it sufficient assurance as to the reliability of the process undertaken and the correctness of the amount included within operating costs shown in the group income statement for the period ended 2 April 2018.

EY's audit report on pages 35 to 39 also provides further detail on how the above matters were addressed.

Non-audit work carried out by EY

The company has a formal policy in respect of non-audit work carried out by EY whilst appointed as the company's external auditor; this is in place to mitigate any risks threatening, or appearing to threaten, EY's independence and objectivity arising through the provision of non-audit services. As a result, the committee has to approve certain new engagements with EY. Other new engagements may be approved by the company's chief financial officer, subject to certain safeguards, including the level of fees payable and the services being given by EY not creating a conflict of interest. During the period, the company engaged EY for a limited amount of non-audit work, including the interim review and a review of the parent company and its subsidiaries corporation tax returns prior to submission. The total fees paid to EY during the period for non-audit fees amounted to £43k (20.9% of total fees paid to EY during the period). In the committee's view, the nature and extent of the non-audit work carried out by EY did not impair their independence or objectivity.

Qualification, objectivity, independence etc. and proposed re-appointment of EY

The committee felt that the qualification, expertise, resources and effectiveness of EY were appropriate in the context of the group wanting an effective and high quality service, and that EY was independent of the group and not reliant on fees from the group. The committee concluded that EY's work had been robust and perceptive, with EY's reports showing a good understanding of the company's business. As part of its assessment process, the committee had:

- reviewed the audit plan for the period ended 2 April 2018 as regards the activities to be undertaken by EY and EY's final audit results report, and considered how EY had handled the key accounting and audit matters that had arisen;
- been provided with a copy of the Financial Reporting Council's May 2017 audit quality inspection report in respect of EY and a copy of EY's published transparency report for the UK;
- reviewed an independence report prepared by EY, which contained all significant facts and matters bearing upon EY's independence and objectivity that EY was required to communicate to the company as per the FRC Ethical Standard and ISA (UK and Ireland) 260 "Communication of audit matters with those charged with governance";
- considered EY's proposed fees for the group's audit for the period ended 2 April 2018 and the additional non-audit services for that same period;
- noted that the company's audit partner within EY was required to rotate every five years (and that accordingly Andy Glover had stood down in 2017, replaced by Jon Killingley); and
- obtained the views of management.

The fees paid to EY for audit services for the financial period ended 2 April 2018 were £0.2 million.

As a result of the above assessment process, the committee has recommended the re-appointment of EY as the company's auditor, and EY has expressed its willingness to continue. A resolution to re-appoint EY and a resolution to enable the directors to set EY's remuneration will therefore be proposed at the forthcoming AGM.

Risk and internal control

The board has overall responsibility for the group's systems of internal control and risk management and for reviewing their effectiveness. These systems cannot eliminate risk and are therefore designed to manage it – they provide reasonable but not absolute assurance and seek to:

- mitigate risks which might cause the failure of business objectives;
- prevent material misstatement or loss;
- help safeguard assets against unauthorised use or disposal;
- ensure the maintenance and reliability of proper accounting records and financial information used within the business or for publication; and
- help achieve compliance with applicable laws and regulations.

The executive directors are responsible for implementing and maintaining the systems, and the audit committee assists the board in fulfilling its oversight responsibilities by monitoring the systems' integrity.

The group's strategic priorities and their connection to principal risks and uncertainties facing the business are set out on page 4. The principal risks and uncertainties is not an exhaustive list of all significant risks and uncertainties; some may currently be unknown and others currently regarded as immaterial could turn out to be material.

The following is an overview of the main parts of the group's systems of internal control and risk management:

- clearly defined reporting lines up to the board;
- clearly set levels of authorisation throughout the business;
- a detailed financial controls memorandum;
- the preparation of a comprehensive annual budget and the preparation of a vision document which is reviewed and approved by the executive directors and then further reviewed and approved by the board;
- the circulation of monthly management accounts, including commentary on significant variances, updated profit and cash flow expectations for the year and actual capital expenditure compared to budget and signed-off sums;
- a detailed investment approval process requiring board authorisation for all pub purchases and major projects (with regular performance reviews of invested pubs for a certain period post-investment);
- board approval for disposals;
- regular reporting of legal and accounting developments to the board;
- regular circulation of, and assessment of employees' understanding of, the group's anti-bribery policy;
- the group's internal audit function and the group's in-house team of retail auditors; and
- on-going health and safety audits and monitoring of accident statistics, with audit results being a standing item at board meetings.

The group's internal audit manager reports to both the company secretary and the chief financial officer and is independent of the areas which he reviews. During the period, the internal audit manager tested various controls contained in the financial controls memorandum to assess their effectiveness. The results of his work were shared with the executive directors concerned and with the audit committee. With that committee's approval, changes were then made to the financial controls memorandum. The internal audit manager also carried out internal reviews of financial areas according to a programme set by the audit committee following input from the chief financial officer. His review reports, the management responses and the recommended actions, were presented to the audit committee at each of its meetings. Management may supplement the internal resource for these reviews with specialist external resources; however, none were perceived as being required during the period.

The group's in-house team of retail auditors is led by an experienced member of the group's finance team who reports to the head of procurement (who in turn reports to the chief financial officer) and is responsible for co-ordinating the audits as well as performing some of them. The rest of the team have relevant experience, whether that be from having worked in the finance department or in one or more pubs; in each case, the person performing the audit is independent of the area that is the subject of the audit. Throughout the period, this team monitored the controls in place in the group's managed pubs and hotels, in particular those covering stock and cash.

The group has business continuity arrangements in place with third parties. It also has, and reviews regularly, business continuity plans for each of the departments within Riverside House in Wandsworth.

The group has a whistleblowing policy that is overseen by the audit committee. This policy allows staff to raise any concerns in confidence directly with the chairman of the audit committee, the company secretary or the group's internal audit manager. Experience to date suggests that this policy is effective and staff members are aware of it.

Remuneration committee

The remuneration committee believes that the company's reward policy as regards the executive directors is also consistent with the group's risk management policy as it does not encourage inappropriate risks to be taken to achieve the performance targets; the focus is very much on a long-term remuneration model.

Nick Miller, Committee Chairman

Primary function

The committee's primary function is to determine, on behalf of the board, the remuneration packages of the executive directors. This is in the context of the company's reward policy, the principal objective of which is the recruitment and retention of officers with appropriate skills and qualities to drive the company's strategy and deliver value for shareholders.

Terms of reference

The committee's duties are set out in its terms of reference, a copy of which can be found in the investors section of www.youngs.co.uk.

Committee membership, meetings and attendance

The remuneration committee comprises three of the board's non-executive directors. It is chaired by Nick Miller; the other two members are Roger Lambert and Trish Corzine. All of them served on the committee throughout the period. The committee met four times during the period and the table on page 27 sets out each member's attendance record.

Advice, guidance and information

As with the other committees, formal agendas and supporting papers are provided to the committee a week before its meetings. Amongst the information provided to the committee during the period was:

- a pack of financial information to help the committee determine the extent to which the financial performance conditions for the executive directors' performance-related bonuses had been met; and
- an analysis of remuneration trends across the group and the December 2016 edition of 'FTSE AIM Directors' Remuneration' published by FIT Remuneration Consultants LLP to enable the committee to set the executive directors' remuneration for FY2018/19.

Remuneration: executive directors

Against the background of the company's reward policy, the committee decided a number of years ago that total remuneration levels for the executive directors should be in line with the market for the performance achieved, with the variable element included in the total remuneration varying according to achievement of key performance targets. This variable element is currently delivered via deferred annual bonus awards which support the company's strategy and business plan by incentivising and retaining the executive directors in a way that is aligned with both the group's long-term financial performance and the interests of shareholders – see note 28(a) on page 72 for details of how the deferred annual bonus scheme operates. The remuneration committee believes that the company's reward policy as regards the executive directors is also consistent with the group's risk management policy as it does not encourage inappropriate risks to be taken to achieve the performance targets; the focus is very much on a long-term remuneration model. Details of the remuneration of each executive director appear in note 8(b) on page 53 (and details of pension benefits, other benefits (principally private medical insurance and car-related benefits) and interests in the company's savings-related share option scheme are in notes 8(e) and 28(b) respectively, on pages 54 and 73 respectively). No executive director is involved in deciding his/her own remuneration.

Remuneration: non-executives

The initial remuneration of the non-executives is determined by the board, but any fee increase is decided by the executive committee, with the intention being that the fees paid are not out of line with the market and go some way towards rewarding the non-executives for the time they commit to the business. Accordingly, all non-executive directors receive a basic fee; generally, they do not participate in bonus schemes or share options and none of them are members of any group pension scheme other than for the purposes of complying with pensions auto-enrolment legislation. As a result of having been an executive director of the company, Stephen Goodyear is a participant in various bonus schemes (see note 28 starting on page 72) and has outstanding share options (see note 28(a) starting on page 72); he is also a pensioner member of the group's defined benefit pension scheme. The non-executives are entitled to be reimbursed for certain business-related expenses. Details of the remuneration of each non-executive director appear in note 8(b) on page 53.

By order of the board
ANTHONY SCHROEDER
Company Secretary
23 May 2018

INDEPENDENT AUDITOR'S REPORT

For the 53 weeks ended 3 April 2017

Independent auditor's report to the members of Young & Co.'s Brewery, P.L.C.

Opinion

In our opinion:

- Young & Co.'s Brewery, P.L.C.'s group and parent company financial statements ('the financial statements') give a true and fair view of the state of the group's and of the parent company's affairs as at 2 April 2018 and of the group's profit for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provision of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Young & Co.'s Brewery, P.L.C. which comprise:

Group	Parent company
Group balance sheet as at 2 April 2018	Balance sheet as at 2 April 2018
Group income statement for the 52 weeks then ended	Statement of cash flow for the 52 weeks then ended
Group statement of comprehensive income for the 52 weeks then ended	Statement of changes in equity for the 52 weeks then ended
Group statement of changes in equity for the 52 weeks then ended	
Group statement of cash flow for the 52 weeks then ended	
Related notes 1 to 33 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

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

Use of our report

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date of approval when the financial statements are authorised.

Overview of our audit approach

Materiality	• Overall group materiality of £2.0 million, which represents 5% of profit before taxation and exceptional items. Materiality for our 2017 audit was £2.1 million, on the same basis.
Audit scope	• We performed an audit of the complete financial information of the group, which accounted for 100% of profit before taxation and exceptional items, 100% of revenue and 100% of total assets.
Key audit matters	• Valuation of the group's pub estate • Deferred tax on the group's pub estate • Supplier rebates • Management override of controls in the recognition of revenue

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the group's pub estate

In accordance with the group's accounting policy for property and equipment management has revalued the pub estate for the 2018 year end, as permitted by IFRS and in common with other listed pub operators in the UK. This was achieved through:

- reassessment of the fair maintainable trade of each pub based on its current and forecast trading performance, or a spot rate valuation;
- a revaluation by Sian Tunney, a valuation specialist at Savills, independent chartered surveyors, of a representative sample of 20% of the group's pubs, including pubs of varying tenure, location and type; and
- a revaluation of the remaining 80% of the pub estate internally, led by the group's director of property and tenancies, using updated trading results, management's knowledge of each pub, and an appropriate consideration of the results of the external valuation.

This involves significant management judgement, particularly in respect of the methodology and assumptions used in the valuation model. Management also assesses viable alternative uses for a property should they provide increased value.

Refer to the Audit Committee Report (page 30); and notes 3(f) and 17 of the financial statements.

Our response to risk

We gained an understanding of the process and controls management has in place to determine the group's pub valuations.

We met with management and the group's external valuation specialists to discuss their valuation approach and the judgements made in assessing the property valuation. These included the fair maintainable trade, EBITDA multiples and spot rate valuations.

We assessed the competence and objectivity of the external valuer including consideration of its qualifications and expertise.

We checked and recalculated management's valuation model, including its assessment of the fair maintainable trade of each pub, its forecasting accuracy, and its consideration of the external valuation results on the remainder of the estate.

For a sample of properties valued by management, with support from our property valuation specialists, we performed testing over the underlying valuation assumptions. We put a particular focus on pubs valued using a spot rate as these involve a higher level of management judgement.

We benchmarked the group's pub valuations by comparing with other pub market transactions.

We verified that changes in pub valuations were reflected and appropriately accounted for through the revaluation reserve or the income statement.

We assessed the appropriateness of the valuation disclosures in the Annual Report, and whether they were compliant with the fair value information required under IFRS 13.

Scope of our procedures

We performed full scope audit procedures over the valuation of the whole of the group's pub estate.

Key observations communicated to the Audit Committee

We consider the valuation to be appropriate and on a consistent basis to 2017.

Deferred tax on the group's pub estate

Young's has complexity in its accounting for deferred tax and a significant level of management judgement is required in accounting for deferred tax on the pub estate valuations.

Management judgements and detailed and complex calculations are required to estimate the deferred tax on each pub, including on the treatment of capital losses, rollover relief, indexation allowances and initial recognition exemptions. There is also judgement involved in recognising deferred tax on the pubs on a sale, in-use or a dual basis.

There is also judgement involved in recognising the deferred tax at the correct corporation tax rate, depending on the underlying assumptions.

Refer to the Audit Committee Report (page 30); and notes 3(n) and 24 of the financial statements.

Our response to risk

We gained an understanding of the processes and controls management has in place over the calculation of deferred tax on the pub estate.

In conjunction with our tax specialists checking all deferred tax calculations based on revaluations of pubs, we checked and recalculated the deferred tax for a sample of pubs across the estate. This included a review of capital losses, rollover relief, indexation allowances and initial recognition exemptions.

We challenged management on the assumptions used in calculating the deferred tax balances, including whether the deferred tax was consistent with the group's intended use of each pub – being a sale, in-use or a dual basis.

We determined if the tax rates applied in calculating the deferred tax on the group's pub estate were appropriate based on when the balances are expected to unwind.

We checked the deferred tax disclosures were in line with IAS 12 requirements.

Scope of our procedures

We performed full scope audit procedures over all the group's deferred tax on the group's pub estate.

Key observations communicated to the Audit Committee

We consider management's judgements in the recognition of deferred tax on the pub estate to be appropriate and consistent with 2017.

Supplier rebates

The group earns supplier income through purchase volume discounts and stocking incentives. Stocking incentives are received through holding certain products within a pub and are set at a fixed amount. Purchase volume discounts are received based on the number of units purchased from suppliers.

Given the quantum as a percentage of the group's profit and the risk around incorrect cut off applied, we consider there to be a risk over this figure. This is focussed on the system controls over the inputs, any changes to volume discounts and stocking incentive arrangements and the recognition of rebates in the appropriate period.

Refer to the Audit Committee Report (page 30); and note 3(u) of the financial statements.

Our response to risk

We gained an understanding of the process and controls management has in place over the recognition of stocking incentives, leveraging the testing performed by our IT specialists (ITRA) to rely on the inputs of volumes purchased.

For a sample of supplier arrangements, we agreed key input terms through external confirmation and recalculating amounts recorded.

We verified that rebates have been appropriately recorded in the correct period through cut off testing at the year end.

We challenged year end rebate estimates by considering the outturn of prior period rebate estimates.

We assessed the recoverability of unsettled rebates with reference to historical settlements, the group's relationships with its suppliers and post year end settlements.

Scope of our procedures

We performed full scope audit procedures over all of the group's supplier rebates.

Key observations communicated to the Audit Committee

Based on our work, including third party confirmations, our recalculation of a sample of supplier income and cut off testing, we agree with the income recognised in the year.

Management override in the recognition of revenue

The vast majority of Young's revenue transactions are non-complex, with no judgement applied over the amount recorded.

We consider the risk relating to revenue to be around management override of controls and topside journals to revenue in the managed and tenanted estate.

For managed houses revenue is typically comprised of a large number of low-value transactions. Although there is little management judgement involved, there is a risk that manual topside adjustments could be posted which could result in cash revenue being overstated or sales not being recorded. For the Ram Pub Company (tenanted pubs) there is also a risk that manual topside adjustments could be posted to revenue.

Refer to the Audit Committee Report (page 30); and notes 3(c) and 6 of the financial statements.

Our response to risk

We gained an understanding of the process and controls management has in place around the recording of revenue, including the recording of manual journal adjustments.

We used our specialised data analytics to analyse the group's revenue, performing procedures including comparisons of actual results to forecast, with consideration to weather conditions, weekends, bank holidays and special events.

We applied correlation data analysis over the group's revenue journal population to identify how much of the revenue is converted to cash and to isolate non-standard revenue transactions for further analysis.

We identified manual journals to revenue and obtained corroborative evidence to support them.

We performed cut-off testing procedures including review of post period end cash receipts and journals and an analytical review of significant variances.

Scope of our procedures

We performed full scope audit procedures over all of the group's revenue.

Key observations communicated to the Audit Committee

We did not identify any instances of management override of controls. Based on our work, which included using data analysis tools to examine the correlation of 100% of the group's revenue to cash receipts, we consider that revenue is fairly stated.

Overview of the scope of our audit

Tailoring the scope

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

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

In assessing the risk of material misstatement to the group financial statements and to ensure we had adequate quantitative coverage of significant accounts in the financial statements we performed full scope audit procedures over 100% of the group's results for the 52 weeks to 2 April 2018 and 100% of the group's total assets at that date. We obtained an understanding of the entity-level controls of the group which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy.

Our application of materiality

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

Materiality

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

We determined materiality for the group to be £2.0 million (2017: £2.1 million), which is 5% of profit before taxation and exceptional items.

We believe that the profit before taxation and exceptional items is considered to be the primary area of focus of the group's stakeholders. We exclude the impact of one-off items which do not reflect the underlying trading performance of the group.

Starting basis	• Profit before tax – £37.6 million
Adjustments	• Exceptional items before tax – £3.4 million
Materiality	• Profit before taxation and exceptional items – £41.0 million (materiality basis) • Materiality of £2.0 million (5% of materiality basis)

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 75% (2017: 75%) of our planning materiality, namely £1.5 million (2017: £1.5 million). We have maintained performance materiality at this percentage reflecting the results of our testing of the group's systems and processes and historical audit findings.

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.1 million (2017: £0.1 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 20 and 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Jon Killingley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
23 May 2018

Notes:

1. The maintenance and integrity of the Young & Co.'s Brewery, P.L.C. website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GROUP INCOME STATEMENT

For the 52 weeks ended 2 April 2018

	Notes	**2018 52 weeks £m**	2017 53 weeks £m
Revenue	6	**279.3**	268.9
Operating costs before exceptional items	7	**(232.4)**	(222.8)
Operating profit before exceptional items		**46.9**	46.1
Operating exceptional items	9	**(3.4)**	(3.4)
Operating profit		**43.5**	42.7
Finance costs	11	**(5.6)**	(5.5)
Other finance charges	25	**(0.3)**	(0.2)
Profit before tax		**37.6**	37.0
Taxation	12	**(7.5)**	(7.0)
Profit for the period attributable to shareholders of the parent company		**30.1**	30.0

		Pence	Pence
Earnings per 12.5p ordinary share			
Basic	15	**61.60**	61.51
Diluted	15	**61.56**	61.47

All of the results above are from continuing operations.

The notes on pages 46 to 75 form part of these financial statements.
The independent auditor's report is set out on pages 35 to 39.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 2 April 2018

	Notes	**2018 52 weeks £m**	2017 53 weeks £m
Profit for the period		**30.1**	30.0
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Unrealised gain on revaluation of property	17	**29.2**	23.1
Remeasurement of retirement benefit schemes	25	**5.8**	(7.7)
Tax on above components of other comprehensive income		**(4.5)**	1.2
Items that will be reclassified subsequently to profit or loss:			
Fair value movement of interest rate swaps	23	**4.3**	1.3
Tax on fair value movement of interest rate swaps		**(0.7)**	(0.3)
		34.1	17.6
Total comprehensive income for shareholders of the parent company		**64.2**	47.6

All of the results above are from continuing operations.

The notes on pages 46 to 75 form part of these financial statements.
The independent auditor's report is set out on pages 35 to 39.

BALANCE SHEETS

At 2 April 2018

	Notes	Group 2018 £m	Group 2017 £m	Company 2018 £m	Company 2017 £m
Non-current assets					
Goodwill	16	**19.7**	19.9	**1.9**	1.1
Property and equipment	17	**742.9**	689.1	**737.6**	620.1
Investment in subsidiaries	18	**–**	–	**35.7**	30.2
Deferred tax assets	24	**6.4**	7.4	**6.4**	7.3
Lease premiums		**13.6**	7.6	**5.2**	3.5
		782.6	724.0	**786.8**	662.2
Current assets					
Inventories	19	**3.0**	2.8	**3.0**	2.1
Trade and other receivables	20	**7.0**	7.2	**8.6**	22.7
Lease premiums		**0.8**	0.6	**0.3**	0.2
Cash		**7.2**	6.6	**7.2**	5.3
		18.0	17.2	**19.1**	30.3
Assets held for sale	21	**–**	1.3	**–**	1.3
Total assets		**800.6**	742.5	**805.9**	693.8
Current liabilities					
Borrowings	23	**(10.0)**	(28.5)	**(10.0)**	(28.5)
Derivative financial instruments	23	**(1.9)**	(2.9)	**(1.9)**	(2.9)
Trade and other payables	22	**(30.9)**	(35.3)	**(88.2)**	(38.5)
Income tax payable		**(4.3)**	(4.7)	**(4.2)**	(2.6)
		(47.1)	(71.4)	**(104.3)**	(72.5)
Non-current liabilities					
Borrowings	23	**(137.7)**	(104.7)	**(137.7)**	(104.7)
Derivative financial instruments	23	**(4.7)**	(7.9)	**(4.7)**	(7.9)
Deferred tax liabilities	24	**(54.6)**	(51.6)	**(54.6)**	(47.3)
Retirement benefit schemes	25	**(6.1)**	(12.8)	**(6.1)**	(12.8)
Other liabilities	26	**(1.2)**	(1.1)	**(1.2)**	(1.1)
		(204.3)	(178.1)	**(204.3)**	(173.8)
Total liabilities		**(251.4)**	(249.5)	**(308.6)**	(246.3)
Net assets		**549.2**	493.0	**497.3**	447.5
Capital and reserves					
Share capital	27	**6.1**	6.1	**6.1**	6.1
Share premium		**5.7**	5.2	**5.7**	5.2
Capital redemption reserve		**1.8**	1.8	**1.8**	1.8
Hedging reserve		**(5.2)**	(8.8)	**(5.2)**	(8.8)
Revaluation reserve		**273.3**	247.7	**264.4**	238.8
Retained earnings		**267.5**	241.0	**224.5**	204.4
Total equity		**549.2**	493.0	**497.3**	447.5

The company's profit after tax for the period was £23.7 million (2017: £23.2 million).

Approved by the board of directors and signed on its behalf by:

Patrick Dardis Chief Executive
Steven Robinson Chief Financial Officer
23 May 2018

The notes on pages 46 to 75 form part of these financial statements.
Young & Co.'s Brewery, P.L.C. registered in England Number 32762.

STATEMENTS OF CASH FLOW

For the 52 weeks ended 2 April 2018

		Group		Company	
	Notes	**2018 52 weeks £m**	2017 53 weeks £m	**2018 52 weeks £m**	2017 53 weeks £m
Operating activities					
Net cash generated from operations	30	**61.4**	63.5	**53.8**	59.2
Interest received		**–**	–	**–**	0.4
Tax paid		**(9.1)**	(7.6)	**(9.1)**	(7.6)
Net cash flow from operating activities		**52.3**	55.9	**44.7**	52.0
Investing activities					
Sale of property and equipment		**2.1**	0.4	**2.1**	0.4
Purchases of property, equipment and lease premiums	17	**(30.4)**	(34.5)	**(29.5)**	(30.4)
Business combinations, net of cash acquired	13	**(23.0)**	(3.8)	**(15.0)**	(3.8)
Net cash used in investing activities		**(51.3)**	(37.9)	**(42.4)**	(33.8)
Financing activities					
Interest paid		**(5.3)**	(5.7)	**(5.3)**	(5.8)
Issued equity		**–**	0.2	**–**	0.2
Equity dividends paid	14	**(9.3)**	(8.7)	**(9.3)**	(8.7)
Repayment of borrowings		**(20.0)**	(10.4)	**(20.0)**	(10.4)
Proceeds from borrowings		**34.2**	–	**34.2**	–
Net cash flow used in financing activities		**(0.4)**	(24.6)	**(0.4)**	(24.7)
Increase/(decrease) in cash		**0.6**	(6.6)	**1.9**	(6.5)
Cash at the beginning of the period		**6.6**	13.2	**5.3**	11.8
Cash at the end of the period		**7.2**	6.6	**7.2**	5.3

The notes on pages 46 to 75 form part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

At 2 April 2018

	Notes	Share capital [1] £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
At 28 March 2016		**10.2**	**1.8**	**(9.8)**	**224.6**	**225.7**	**452.5**
Total comprehensive income							
Profit for the period – 53 weeks		–	–	–	–	30.0	30.0
Other comprehensive income							
Unrealised gain on revaluation of property	17	–	–	–	23.1	–	23.1
Remeasurement of retirement benefit schemes	25	–	–	–	–	(7.7)	(7.7)
Fair value movement of interest rate swaps	23	–	–	1.3	–	–	1.3
Tax on above components of other comprehensive income	12	–	–	(0.3)	0.1	1.1	0.9
		–	–	1.0	23.2	(6.6)	17.6
Total comprehensive income		–	–	1.0	23.2	23.4	47.6
Transactions with owners recorded directly in equity							
Share capital issued		1.1	–	–	–	–	1.1
Dividends paid on equity shares	14	–	–	–	–	(8.7)	(8.7)
Revaluation reserve realised on disposal of properties		–	–	–	(0.1)	0.1	–
Share based payments	28	–	–	–	–	0.4	0.4
Tax on share based payments	24	–	–	–	–	0.1	0.1
		1.1	–	–	(0.1)	(8.1)	(7.1)
At 3 April 2017		**11.3**	**1.8**	**(8.8)**	**247.7**	**241.0**	**493.0**
Total comprehensive income							
Profit for the period – 52 weeks		–	–	–	–	30.1	30.1
Other comprehensive income							
Unrealised gain on revaluation of property	17	–	–	–	29.2	–	29.2
Remeasurement of retirement benefit schemes	25	–	–	–	–	5.8	5.8
Fair value movement of interest rate swaps	23	–	–	4.3	–	–	4.3
Tax on above components of other comprehensive income	12	–	–	(0.7)	(3.5)	(1.0)	(5.2)
		–	–	3.6	25.7	4.8	34.1
Total comprehensive income		–	–	3.6	25.7	34.9	64.2
Transactions with owners recorded directly in equity							
Share capital issued		0.5	–	–	–	–	0.5
Dividends paid on equity shares	14	–	–	–	–	(9.3)	(9.3)
Revaluation reserve realised on disposal of properties		–	–	–	(0.1)	0.1	–
Share based payments	28	–	–	–	–	0.6	0.6
Tax on share based payments	24	–	–	–	–	–	–
Movement in shares held by The Ram Brewery Trust II		–	–	–	–	0.2	0.2
		0.5	–	–	(0.1)	(8.4)	(8.0)
At 2 April 2018		**11.8**	**1.8**	**(5.2)**	**273.3**	**267.5**	**549.2**

[1] Total share capital comprises the nominal value of the share capital issued and fully paid of £6.1 million (2017: £6.1 million) and the share premium account of £5.7 million (2017: £5.2 million). Share capital issued in the period comprises the nominal value of £nil (2017: £nil) and share premium of £0.5 million (2017: £1.1 million).

The notes on pages 46 to 75 form part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

At 2 April 2018

	Notes	Share capital [1] £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
At 28 March 2016		**10.2**	**1.8**	**(9.8)**	**216.2**	**196.0**	**414.4**
Total comprehensive income							
Profit for the period – 53 weeks		–	–	–	–	23.2	23.2
Other comprehensive income							
Unrealised gain on revaluation of property	17	–	–	–	22.6	–	22.6
Remeasurement of retirement benefit schemes	25	–	–	–	–	(7.7)	(7.7)
Fair value movement of interest rate swaps	23	–	–	1.3	–	–	1.3
Tax on above components of other comprehensive income	24	–	–	(0.3)	0.1	1.0	0.8
		–	–	1.0	22.7	(6.7)	17.0
Total comprehensive income		–	–	1.0	22.7	16.5	40.2
Transactions with owners recorded directly in equity							
Share capital issued		1.1	–	–	–	–	1.1
Dividends paid on equity shares	14	–	–	–	–	(8.7)	(8.7)
Revaluation reserve realised on disposal of properties		–	–	–	(0.1)	0.1	–
Share based payments	28	–	–	–	–	0.4	0.4
Tax on share based payments	24	–	–	–	–	0.1	0.1
		1.1	–	–	(0.1)	(8.1)	(7.1)
At 3 April 2017		**11.3**	**1.8**	**(8.8)**	**238.8**	**204.4**	**447.5**
Total comprehensive income							
Profit for the period – 52 weeks		–	–	–	–	23.7	23.7
Other comprehensive income							
Unrealised gain on revaluation of property	17	–	–	–	29.2	–	29.2
Remeasurement of retirement benefit schemes	25	–	–	–	–	5.8	5.8
Fair value movement of interest rate swaps	23	–	–	4.3	–	–	4.3
Tax on above components of other comprehensive income	24	–	–	(0.7)	(3.5)	(1.0)	(5.2)
		–	–	3.6	25.7	4.8	34.1
Total comprehensive income		–	–	3.6	25.7	28.5	57.8
Transactions with owners recorded directly in equity							
Share capital issued		0.5	–	–	–	–	0.5
Dividends paid on equity shares	14	–	–	–	–	(9.3)	(9.3)
Revaluation reserve realised on disposal of properties		–	–	–	(0.1)	0.1	–
Share based payments	28	–	–	–	–	0.6	0.6
Tax on share based payments	24	–	–	–	–	–	–
Movement in shares held by The Ram Brewery Trust II		–	–	–	–	0.2	0.2
		0.5	–	–	(0.1)	(8.4)	(8.0)
At 2 April 2018		**11.8**	**1.8**	**(5.2)**	**264.4**	**224.5**	**497.3**

[1] Total share capital comprises the nominal value of the share capital issued and fully paid of £6.1 million (2017: £6.1 million) and the share premium account of £5.7 million (2017: £5.2 million). Share capital issued in the period comprises the nominal value of £nil (2017: £nil) and share premium of £0.5 million (2017: £1.1 million).

The notes on pages 46 to 75 form part of these financial statements.

1. GENERAL INFORMATION

The group and parent company financial statements of Young & Co.'s Brewery, P.L.C. for the period ended 2 April 2018 were authorised for issue by the board of directors on 23 May 2018. Young & Co.'s Brewery, P.L.C. is a public limited company incorporated and domiciled in England and Wales. The company's shares are listed on the Alternative Investment Market of the London Stock Exchange. The nature of the group's operations and its principal activities are set out in note 5 and in the strategic report on pages 1 to 17.

The current period and prior period relate to the 52 weeks ended 2 April 2018 and the 53 weeks ended 3 April 2017 respectively.

The financial statements are presented in pounds sterling and all values are rounded to the nearest hundred thousand (£0.1 million) except where otherwise indicated.

Going concern

The group's business activities, together with the factors likely to affect its future development and performance, financial position and its cash flows are set out within the strategic report on pages 1 to 17. The group's capital management and financial instruments, including its objectives and exposures to interest risk, credit risk and liquidity and cash flow risk, are set out in note 23. A £10 million bank overdraft facility is used for day to day cash management.

The group's budgets and forecasts in trading performance, including sensitivity analysis, show that the group has sufficient financial resources to meet its liabilities as they fall due. As a consequence, the board has a reasonable expectation that the group is able to manage its business risks and to continue in operational existence for the twelve months from the date of signing the financial statements. Accordingly, the board continues to adopt the going concern basis in preparing the consolidated financial statements.

2. BASIS OF PREPARATION

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. IFRS includes the application of International Financial Reporting Standards including International Accounting Standards (IAS) and related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Interpretations of the Standing Interpretations Committee (SIC). During the period, new IFRS and amendments to existing IFRS were issued by the International Accounting Standards Board (IASB). The impact and, if applicable, the adoption of these standards is described below in "New Accounting Standards, Amendments and Interpretations".

No separate income statement or statement of comprehensive income are presented for the company, as permitted by section 408(3) of the Companies Act 2006.

New Accounting Standards, Amendments and Interpretations

The group has adopted the following new accounting standards during the period:

IAS 7: Disclosure Initiative (Amendment). The amendment requires entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment was effective for the full period ended 2 April 2018 and disclosures for both the current and comparative period have been presented in note 23(f).

IAS 12: Recognition of deferred tax assets for unrealised losses (Amendments). The amendment was effective for the full period ended 2 April 2018 and clarifies the use taxable profits and how they are determined. The adoption of the new standard did not have a material impact on the group's financial performance or financial position.

The directors will adopt the following Standards, Amendments and Interpretations listed below for the first full financial period following their effective date.

IFRS 15: Revenue from contracts with customers became effective for periods commencing on or after 1 January 2018. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The group's revenue streams are described in note 6 and are not based on a number of performance obligations within a contract but at a point of sale, or rent over a lease term or accrued interest using the effective interest method. It does not enter into common arrangements. Based on our assessments the group has concluded that the adoption of the new standard will not have a material impact on the group's financial performance apart from extended disclosure requirements.

IFRS 9: Financial instruments became effective for periods commencing on or after 1 January 2018. The new standard impacts classification, measurement and disclosure of financial assets and financial liabilities. The standard also introduces new rules for hedge accounting and a new impairment model for financial assets. The group does not have significant financial assets other than trade and other receivables. Under IFRS 9, the group's trade and other receivables will be assessed for impairment provisions based on expected credit losses rather than incurred credit losses under IAS 39. The group intends to apply the simplified approach as permitted by IFRS 9 and the adoption will not have a material impact on the group's financial performance or financial position.

The requirements of the new hedge accounting model will not have a material impact on the group's financial performance or financial position. We anticipate that our hedging instruments will remain highly effective under IFRS 9 and our current interest rate swaps will qualify as continuing hedges upon adoption of the standard. Expanded disclosure requirements will change the extent of the group's current disclosures on financial instruments.

IFRS 2: Classification and Measurement of Share Based Payment Transactions. The directors expect that adoption of the amendments to the standard in future periods will not have a material impact on the group.

IFRS 16: 'Leases': For the financial period starting on or around 31 March 2019, the directors intend to adopt IFRS 16: Leases, which will replace IAS 17 and requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use-asset in respect of virtually all leases currently classified as operating leases. The balance sheet will effectively be 'grossed up', but with no impact to net assets, at the inception of each lease. The group income statement impact will contain a new interest charge and a lower rent charge and an increase in depreciation charge recognised on the right-of-use-asset. By way of reference, the group has non-cancellable operating lease commitments at period end of £93.2 million (note 31). This is a gross value and does not reflect the discounting to present value required by IFRS 16. A project to assess the full impact of the new standard is under way and will be completed in the new financial period. Due to the ongoing project, it is not yet possible to disclose the full impact of the new standard.

The above items will have no effect on the group's cash flow apart from certain disclosures and classifications.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are set out below and have been applied consistently in presenting the group and parent company financial information.

(a) Basis of consolidation

The group's financial statements consolidate the financial statements of Young & Co.'s Brewery, P.L.C. with the entities it controls, its subsidiaries and a special purpose entity, drawn up to the period end. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The special purpose entity is the Ram Brewery Trust II; the trust holds assets for the benefit of employees and former employees, is an ESOP trust and is consolidated only in the group accounts.

The results of subsidiaries acquired or disposed of during the period are included in the group income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The financial statements of the subsidiaries and special purpose entity are consolidated on a comparable period basis, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising on them, are eliminated.

(b) The parent company's investments in subsidiaries

In its separate financial statements, the parent company recognises its investments in its subsidiaries on the basis of cost less provision for impairment. Income is recognised from these investments in relation to distributions received.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT.

The following criteria must also be met before revenue is recognised:

Sale of goods
Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Rental income
Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease term.

Interest income
Revenue is recognised as interest accrues (using the effective interest method).

(d) Exceptional items

Exceptional items are items which due to their material or non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements. They are included in the adjustments that, in management's judgement, are required to better reflect the business performance of the group in a consistent manner and to reflect how the business is managed and measured on a day to day basis.

(e) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree. The consideration transferred is measured at the acquisition date fair value. The non-controlling interest is measured as the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in operating exceptional items.

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Property and equipment

Freehold and long leasehold properties, including land and buildings, and fixtures, fittings and equipment are held at fair value and are revalued by qualified valuers on a sufficiently regular basis using open market values so that the carrying value of an asset does not differ significantly from its fair value at the balance sheet date. The valuation is assessed on the basis of the highest and best use. When the necessary requirements have been met, assets are immediately revalued and are transferred to non-current assets held for sale. These requirements include that the assets have been identified for disposal. The highest and best use for a market participant may reflect an alternative use for the asset held for sale.

Surpluses which arise from the revaluation exercise are included within other comprehensive income (in the revaluation reserve) unless they are reversing a revaluation adjustment which has been recognised in the income statement previously. Where the revaluation exercise gives rise to a deficit, this is reflected directly in other comprehensive income (in the revaluation reserve) to the extent that a surplus exists against the same asset. Any further decrease in value is recognised in the income statement as an exceptional expense. At the date of revaluation, any accumulated depreciation is eliminated to the extent of the difference between the revalued amount and the carrying value of the asset immediately before valuation.

Short leasehold improvements and fixtures, fittings and equipment within those sites are measured at cost on recognition, and are stated as such less any accumulated depreciation.

The carrying amount of an asset, less any residual value, is depreciated on a straight line basis over the asset's useful life or lease term, if shorter. The residual value, useful life and depreciation method applied to each asset are reviewed annually. The group does not depreciate freehold land or the residual value of its freehold and long leasehold buildings.

Useful lives:

Freehold and long leasehold buildings	50 years
Short leasehold improvements	Shorter of the estimated useful life and the lease term
Fixtures, fittings and equipment	3-10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 3(g)).

The gain arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the income statement. Property, plant and equipment are treated as disposals in the period of their write down.

(g) Impairment of assets

The carrying values of investments, property and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is mandatorily assessed for impairment on an annual basis or more frequently if there are indications that the carrying value may be impaired.

Impairment is assessed on the basis of either each individual asset or each individual cash generating unit (an individual pub), or, in the case of goodwill, the group of cash generating units associated with it. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units (or groups of cash generating units) that are expected to benefit from the combination.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use, and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Value in use is assessed by reference to the estimated future cash flows which are discounted to present value using an appropriate pre-tax discount rate. Impairment losses are recognised in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the group income statement unless the impairment loss relates to goodwill, in which case it is not reversed.

(h) Leases

(1) Where the group is the lessee

Assets held under finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term. Lease incentives are recognised as a reduction of rental costs over the lease term.

(2) Where the group is the lessor

Assets leased out under operating leases are included within property and equipment and are depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

(i) Assets held for sale

Assets whose carrying amounts will be recovered principally through a sale rather than continuing use are classified separately as assets held for sale. Assets are classified as held for sale when management has committed to their sale, the asset is available for immediate sale and a sale is highly probable. Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost formula used is equivalent to a 'First in, First out' method.

(k) Cash

Cash in the balance sheet comprises cash at banks and in hand. For the purpose of the group and parent company cash flow statements, cash is net of outstanding bank overdrafts. Cash and cash equivalents include only deposits which mature in less than three months.

(l) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost. When applicable, trade and other payables are analysed between current and non-current liabilities on the face of the balance sheet, depending on when the obligation to settle will crystallise.

(m) Interest bearing loans and borrowings

All loans and borrowings are recognised initially at fair value. Directly attributable transaction costs are capitalised and amortised over the life of the facility using the effective interest method through finance expense.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(n) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because the former excludes items of income or expense that are taxable or deductible in other years and also excludes items that are never taxable or deductible. The group's liability for current tax is calculated using UK tax rates that have been enacted under UK law and that are applicable to the period.

The current tax expense is recognised in the income statement unless it relates to items that are credited or charged to equity, in which case it is credited or charged directly to equity.

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

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

Where capital gains have been rolled over for tax purposes, a deferred tax liability is recorded on the rolled over gain to reflect the tax that may be due on this amount at a future date.

Where there has been an upward revaluation of an asset and the asset is expected to be realised through disposal, a deferred tax liability is recorded based on the difference between the indexed cost of the asset less any capital gains which have been rolled over against the asset and the revalued amount.

Deferred tax is measured on an undiscounted basis at the UK tax rates that are expected to apply on reversal of the underlying temporary differences, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(o) Accounting for the ESOP Trust

The capital gains tax liability that may arise on the notionally allocated shares in the Ram Brewery Trust II when they are transferred to employees is recognised as a provision in the financial statements under trade and other payables.

(p) Derivative financial instruments and hedging

The group uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how its effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

Where cash flow hedge accounting is not applied, the movement in the fair value of the derivative is recognised immediately in the income statement. Where cash flow hedge accounting is applied, as in the case of the interest rate swaps held by the group, the effective portion of the gain or loss on the hedging instrument is recognised in the statement of comprehensive income, while the ineffective portion is recognised in the income statement.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs, at which point they are immediately expensed. If the related transaction is not expected to occur, the amount held in equity is immediately expensed.

(q) Pensions and other post retirement benefits

The company operates one defined benefit pension scheme, namely the Young & Co.'s Brewery, P.L.C. Pension Scheme, a defined contribution pension scheme and a post retirement health care scheme.

Contributions to the defined contribution scheme are recognised in the income statement in the period in which they become due.

For the defined benefit scheme, the actuarial cost charged to the income statement in the period consists of the current service cost, net interest on the net defined benefit liability or asset, past service cost and the impact of any settlements or curtailments.

Remeasurements of the defined benefit pension and post retirement health care schemes are recognised in full in the statement of comprehensive income in the period in which they relate.

The net defined benefit pension liability or asset in the balance sheet comprises the present value of the defined benefit obligations less the fair value of scheme assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of the present value of any amount the group expects to recover by way of refunds from the scheme or reductions in the future contributions.

Post retirement health care benefits are provided for certain employees and certain directors. Entry to the scheme is on a discretionary basis. The annual premium for providing cover is determined by BUPA. This information is taken by qualified actuaries who then assess the reserve required to provide this benefit for participants' future lifetimes, using IAS 19 assumptions. The liability for new entrants is recognised through the income statement in the period in which the benefit is granted. Remeasurements of health care benefits are recognised in full directly in the statement of comprehensive income.

(r) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an impairment provision. Impaired debts are derecognised when they are assessed as irrecoverable.

(s) Share based payments

The group operates two types of share based payment arrangements: a director/senior management employee deferred bonus scheme ("DBS") and a Save-As-You-Earn ("SAYE") scheme.

Under the DBS, directors and senior management are encouraged to receive bonus payments in the form of shares instead of cash. They are encouraged to do this by being offered 'matching' shares (see note 28). The 'matching' shares constitute shares with non-market performance based vesting conditions over three years. The group has used the "grant date model" as its valuation model for recording the fair value of these equity instruments at the date when they were originally granted. The fair value of equity represents the market value of the shares at grant date, less the nominal value which the employees will pay.

Under the SAYE scheme, eligible employees are encouraged to save over a set period and then, if they choose, purchase shares at the price set before the start of that period (see note 28). The group uses the "Black-Scholes model" as its valuation model for valuing awards at fair value.

The fair value cost of both schemes is expensed to the income statement with a corresponding credit in equity on a straight line basis over the vesting period. The cumulative expense also takes account of the group's estimate of the number of shares that will ultimately vest.

(t) Use of estimates

The preparation of financial information in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

The areas involving a higher degree of judgement or complexity, or where the most sensitive estimates and assumptions are significant to the financial statements, are set out in note 4.

(u) Supplier income

The group earns supplier income through purchase volume-related discounts and stocking incentives. Most of the supplier income received relates to volume discounts and is driven by the number of units purchased from suppliers. The volume discounts relate to adjustments to a gross purchase price, and as such are recognised on an accrual basis at the point of purchase. Stocking incentives are earned through a fixed payment in return for fulfilling certain stocking obligations, including number of stockists. Supplier income is recognised when the group has met all obligations conditional for earning the income; they are recognised as a credit within cost of sales.

Outstanding amounts due from suppliers for earned income at the period end are recognised within trade receivables, except in cases where the group has right of set-off and intends to offset these against trade payables to suppliers.

(v) Short leasehold premiums

Premiums paid on acquiring new short (less than 50 years) leaseholds are amortised on a straight-line basis over the lease term, which range from 5 to 37 years. Such premiums are classified in the balance sheet as current or non-current prepayments, with the current portion being the element which relates to the following financial period.

(w) Onerous lease provisions

Onerous obligations for loss making short (less than 50 years) leaseholds are reviewed and calculated by management. Judgements are made over the timings and amounts of future cash flows, the potential opportunity to exit the lease early and the appropriate discount rate when calculating the onerous lease provision. The provision is calculated on an individual property basis over the remaining lease term.

4. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

In applying the group's accounting policies, the following estimates are considered to carry the most significant risk of a material adjustment to the reported amount if the actual outcome differs from these estimates:

(a) Valuation of property and equipment

The group is required to value property and equipment on a sufficiently regular basis using open market values to ensure the current carrying value does not differ significantly from the fair value. The valuation, performed by qualified valuers, is based on market observations and estimates on the selling price in an arms' length transaction, and includes estimates of future income levels and trading potential for each pub, as well as taking into account other factors such as location, tenure and current income levels. See note 17.

(b) Carrying value of goodwill

The group considers annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in note 3(g). The recoverable amounts for cash generating units have been determined based on value in use calculations. This calculation requires the use of estimates, including growth rates, capital maintenance expenditure and pre-tax discount rates. See notes 3(g) and 16.

(c) Depreciation

Depreciation is provided so as to write down the assets to their residual values over the estimated useful lives. The selection of these residual values and useful lives requires the use of estimates. See notes 3(f) and 17.

(d) Defined benefit pension and health care scheme obligations

Measurement of defined benefit pension and health care scheme obligations requires an estimate of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate. These have been determined on advice from an independent qualified actuary. See notes 3(q) and 25.

The critical judgements considered to carry the most significant risk of a material adjustment to the reported amount if the actual outcome differs from these judgements are as follows:

(e) Business combinations

When assets are acquired, management determines whether the assets form a business combination. A fair value exercise of both the consideration paid and the net assets acquired is performed once it is determined that a business combination has taken place. If the fair value of the consideration is in excess of the fair value of the net assets acquired, the difference is recognised as goodwill. If the opposite occurs, the difference is recognised in the income statement. The group makes judgements in relation to the fair value of the consideration, the net assets acquired and whether the purchase represents a business combination. See notes 3(e), 13, 16 and 17.

(f) Taxation

The group reviews potential tax liabilities and benefits to assess the appropriate accounting treatment. Tax provisions are made if it is probable that a liability will arise. Tax benefits are not recognised unless it is probable that they will be recovered. Calculating the group's tax provisions requires judgements to be made based on past experience and the current tax environment. See notes 3(n), 12 and 24.

5. SEGMENTAL REPORTING

The group is organised into the reporting segments referred to below. These segments are based on the different resources and risks involved in the running of the group. The executive board of the group internally reviews each reporting segment's operating profit or loss before exceptional items for the purpose of deciding on the allocation of resources and assessing performance.

The group has three operating segments: Young's managed houses, Geronimo managed houses and the Ram Pub Company. Both Young's and Geronimo managed houses operate pubs. Revenue is derived from sales of drink, food and the provision of accommodation. Due to common economic characteristics, similar product offerings and customers, the Young's managed houses and Geronimo managed houses operating segments have been reported below as a single reportable segment: managed houses. The Ram Pub Company consists of pubs owned or leased by the company and leased or sub leased to third parties. Revenue is derived from rents payable by, and sales of drink made to, tenants. Unallocated relates to head office costs.

Total segment revenue is derived externally with no intersegment revenues between the segments in either period. The group's revenue is derived entirely from the UK.

Income statement

2018 – 52 weeks	**Managed houses £m**	**Ram Pub Company £m**	**Segments total £m**	**Unallocated £m**	**Total £m**
Total segment revenue	**266.4**	**12.6**	**279.0**	**0.3**	**279.3**
Operating profit/(loss) before exceptional items	**60.7**	**4.4**	**65.1**	**(18.2)**	**46.9**
Operating exceptional items	**(4.0)**	**0.6**	**(3.4)**	**–**	**(3.4)**
Operating profit/(loss)	**56.7**	**5.0**	**61.7**	**(18.2)**	**43.5**

2017 – 53 weeks	Managed houses £m	Ram Pub Company £m	Segments total £m	Unallocated £m	Total £m
Total segment revenue	254.8	13.8	268.6	0.3	268.9
Operating profit/(loss) before exceptional items	59.7	5.1	64.8	(18.7)	46.1
Operating exceptional items	(4.7)	1.3	(3.4)	–	(3.4)
Operating profit/(loss)	55.0	6.4	61.4	(18.7)	42.7

The following is a reconciliation of the operating profit to the profit before tax:

	2018 52 weeks £m	2017 53 weeks £m
Operating profit	**43.5**	42.7
Finance costs	**(5.6)**	(5.5)
Other finance charges	**(0.3)**	(0.2)
Profit before tax	**37.6**	37.0

Balance sheet

2018	**Managed houses £m**	**Ram Pub Company £m**	**Segments total £m**	**Unallocated £m**	**Total £m**
Segment assets	**715.2**	**60.7**	**775.9**	**11.1**	**787.0**
Deferred tax assets	**–**	**–**	**–**	**6.4**	**6.4**
Cash	**–**	**–**	**–**	**7.2**	**7.2**
Total assets	**715.2**	**60.7**	**775.9**	**24.7**	**800.6**
Other segmental information					
Depreciation and amortisation of lease premiums	**(19.6)**	**(1.6)**	**(21.2)**	**(0.6)**	**(21.8)**
Additions to non-current assets (note 17)	**39.5**	**6.3**	**45.8**	**0.4**	**46.2**
Net upward movements in property valuation through income statement (note 17)	**–**	**0.3**	**0.3**	**–**	**0.3**

2017	Managed houses £m	Ram Pub Company £m	Segments total £m	Unallocated £m	Total £m
Segment assets	654.4	62.8	717.2	11.3	728.5
Deferred tax assets	–	–	–	7.4	7.4
Cash	–	–	–	6.6	6.6
Total assets	654.4	62.8	717.2	25.3	742.5
Other segmental information					
Depreciation and amortisation of lease premiums	(18.4)	(1.5)	(19.9)	(0.5)	(20.4)
Additions to non-current assets (note 17)	35.6	2.0	37.6	0.6	38.2
Net (downward)/upward movements in property valuation through income statement (note 17)	(1.4)	0.9	(0.5)	–	(0.5)

6. REVENUE

	2018 52 weeks £m	2017 53 weeks £m
Sales of goods	**264.1**	253.7
Rental income	**15.2**	15.2
Revenue	**279.3**	268.9

Rental income includes revenue from letting hotel bedrooms. Revenue shown above is from continuing operations.

7. OPERATING COSTS BEFORE EXCEPTIONAL ITEMS

	2018 52 weeks £m	2017 53 weeks £m
Changes in inventories of finished goods and raw materials	**(0.2)**	(0.2)
Raw materials, consumables and finished goods used	**65.1**	64.1
Employment costs (note 8(a))	**87.6**	84.1
Depreciation (note 17)	**21.1**	19.8
Amortisation of lease premiums	**0.7**	0.6
Other operating costs	**58.1**	54.4
	232.4	222.8

		2018	2017
Other operating costs include:			
Operating lease rentals:	minimum lease payments	**6.5**	6.5
	sublease payments	**0.7**	0.7
		7.2	7.2
Auditor's remuneration:	audit of the group financial statements	**0.2**	0.2
	audit of subsidiaries' accounts	**–**	–
	audit related assurance services	**–**	–
	taxation advisory services	**–**	–
	all other services	**–**	–
		0.2	0.2

8. EMPLOYMENT

(a) Costs and employee numbers

	Group		Company	
	2018 52 weeks £m	2017 53 weeks £m	**2018 52 weeks £m**	2017 53 weeks £m
Wages and salaries	**80.5**	77.3	**78.0**	61.6
Social security	**6.0**	5.8	**5.9**	4.6
Pension and health care schemes	**1.1**	1.0	**1.1**	0.9
Employment costs	**87.6**	84.1	**85.0**	67.1

At the beginning of the current period employees of some of the subsidiaries of the group became employees of the company.

The group's and the company's average monthly number of employees was 4,116 (2017 group and company: 3,924 and 3,079 respectively). The number of employees at the period end was 4,273 (2017 group and company: 3,854 and 3,030 respectively).

The group's and the company's average monthly number of operational employees was 3,990 (2017: 3,807). The number of operational employees at the period end was 4,143 (2017: 3,734).

The group's and the company's average monthly number of administration employees was 126 (2017: 117). The number of administration employees at the period end was 130 (2017: 120).

(b) Directors' emoluments

	Basic salary and fees 2018 £000	Basic salary and fees 2017 £000	**Benefits (i) 2018 £000**	Benefits (i) 2017 £000	**Bonus (ii) 2018 £000**	Bonus (ii) 2017 £000	**Total excluding pension costs 2018 £000**	Total excluding pension costs 2017 £000
Stephen Goodyear (iii) (iv)	**90**	116	**1**	5	**–**	–	**91**	121
Patrick Dardis (iii)	**353**	321	**2**	2	**242**	235	**597**	558
Steven Robinson (v)	**251**	141	**1**	–	**170**	97	**422**	238
Torquil Sligo-Young (iii)	**156**	144	**26**	30	**118**	94	**300**	268
Tracy Read (v)	**212**	119	**–**	–	**134**	69	**346**	188
Roger Lambert	**41**	41	**–**	–	**–**	–	**41**	41
Trish Corzine	**40**	39	**–**	–	**–**	–	**40**	39
Nick Miller (vi)	**39**	–	**–**	–	**–**	–	**39**	–
Ian McHoul (vi)	**8**	–	**–**	–	**–**	–	**8**	–
Nicholas Bryan	**–**	89	**–**	–	**–**	–	**–**	89
Peter Whitehead (vii)	**–**	99	**–**	7	**–**	–	**–**	106
Total	**1,190**	1,109	**30**	44	**664**	495	**1,884**	1,648

(i) These relate primarily to the provision of private medical insurance and car-related benefits.

(ii) The amounts shown in the 'Bonus' columns reflect the cash value of bonuses receivable pursuant to the deferred bonus scheme referred to in note 28, but excluding the cash value of any 'matching' shares (as explained in that note). If the company decides to provide the current period bonuses in shares, the cash value of the 'matching' shares to be awarded to Patrick is £120,876 (2017: £117,689), to Steven is £85,042 (2017: £48,299), to Torquil is £59,071 (2017: £46,924) and to Tracy is £6,710 (2017: £nil).

(iii) Note 8(e) on page 54 sets out the gains made on the exercise of share options.

(iv) The amount shown in the 'Benefits' column is a cash contribution paid to Stephen Goodyear towards private medical insurance.

(v) The amounts shown in the 'Bonus 2017' column for Steven and Tracy exclude the cash value of the bonuses received by them in respect of the achievement of their personal objectives set prior to their appointments to the board in September 2016.

(vi) Nick and Ian were appointed to the board on 4 April 2017 and 24 January 2018 respectively.

(vii) In the prior year, Peter also received £364,247 by way of compensation for loss of office. Of this, £6,000 was paid to the providers of outplacement services and £3,000 was paid to the law firm that advised him in connection with the cessation of his directorship and employment.

(c) Retirement benefits

Defined benefit pension scheme
The company operates a defined benefit pension scheme: the Young & Co.'s Brewery, P.L.C. Pension Scheme. All active members contribute to it and continue to accrue benefits; during the period, those contributions were, on average, at a rate between 7% and 9% of pensionable earnings, dependent on each member's accrual rate. The scheme invests largely in managed funds. The company accounts for retirement benefits in accordance with IAS 19; detailed disclosures covering this are set out in note 25. No director was accruing any defined benefit as at 2 April 2018. Further, no director accrued any defined benefit under the scheme during the period. Stephen Goodyear and Torquil Sligo-Young are pensioner members of the scheme. Patrick Dardis is a deferred member of the scheme; his pension entitlement (being that which would be paid annually on retirement under the terms of his service agreement based on service to 2 April 2018) is £44,018 (2017: £43,582), his normal retirement date will be reached when he is 60 and there was no increase in his accrued pension during the period (2017: £nil).

Defined contribution pension scheme
The company operates a defined contribution pension scheme. As at 2 April 2018, Steven Robinson and Tracy Read were members. For the period, the company paid contributions of £7,710 (2017: £4,306) into the scheme for each of them in respect of qualifying service.

Post retirement health care
The company bears the cost of post retirement health care premiums for certain employees and ex-employees – see note 25.

(d) Profit sharing scheme

This scheme, which involved an annual profit share allocation, was closed a number of years ago. As a result, it has effectively been in 'run-off', with periodic releases of accrued entitlements, represented by A shares, happening as and when a member reaches his or her normal retirement date. In the preceding period, it was agreed with HM Revenue & Customs that all accrued entitlements could be released free of tax, even where an individual had not reached his or her retirement date. During the period, 31,104 A shares were released to scheme members. As at 2 April 2018, accrued entitlements now effectively remain in respect of 7,344 A shares (2017: 57,176 A shares).

(e) Savings-related share option scheme

The company operates a savings-related share option scheme. From year to year eligible employees of the group are invited to join the scheme and be granted options to buy shares in the company. Employees must agree to save a fixed monthly amount with a savings institution through deductions from net salary over a three-year period. The amount to be saved determines the number of shares over which an option is granted. If the board chooses, options are granted at a discount of up to 20% of the market price of a share at the time invitations are sent out to join the scheme for that year. There are no performance conditions other than continued employment.

The entitlement to A shares under the scheme of each of the directors who served during the period is as follows:

	At 3 April 2017	Granted	Exercised	Lapsed	**At 2 April 2018**	Exercise price (pence per share) (i)	Exercisable from	Exercisable to	Gains made on exercise of share options (£) (ii)
Stephen Goodyear	1,071	–	1,071	–	**–**	840	01.09.17	28.02.18	5,837
	888	–	–	–	**888**	1,013	01.09.18	28.02.19	–
Patrick Dardis	1,071	–	1,071	–	**–**	840	01.09.17	28.02.18	5,837
	888	–	–	–	**888**	1,013	01.09.18	28.02.19	–
Steven Robinson	1,071	–	1,071	–	**–**	840	01.09.17	28.02.18	5,837
	888	–	–	–	**888**	1,013	01.09.18	28.02.19	–
	–	844	–	–	**844**	1,066	01.09.20	28.02.21	–
Torquil Sligo-Young	1,071	–	1,071	–	**–**	840	01.09.17	28.02.18	5,869
	933	–	–	–	**933**	964	01.09.19	28.02.20	–
Tracy Read	–	1,013	–	–	**1,013**	1,066	01.09.20	28.02.21	–

(i) The exercise prices of 840p per share, 1,013p per share, 1,066p per share and 964p per share represent a discount of not more than 20% to the market price of an A share at the time the relevant invitations to join the scheme were issued, being 1,050p per share, 1,265.5p per share, 1,332p per share and 1,205p per share respectively.

(ii) The figures appearing in the 'Gains made on exercise of share options' column are calculated by taking the difference between the exercise price and the market price of an A share on the day the option was exercised, and then multiplying that by the number of A shares in respect of which the option was exercised. None of the listed directors exercised any share options during the prior period.

9. EXCEPTIONAL ITEMS

	2018 52 weeks £m	2017 53 weeks £m
Amounts included in operating profit:		
Upward movement on the revaluation of properties[1] (note 17)	**2.1**	3.0
Downward movement on the revaluation of properties[1] (note 17)	**(1.8)**	(3.5)
Tenant compensation[2]	**(2.8)**	(2.0)
Acquisition costs[3]	**(1.2)**	(0.2)
Goodwill disposal[4]	**–**	(0.7)
Net profit on sale of properties[5]	**0.3**	–
Loss on disposal of property[6]	**(0.5)**	–
Onerous lease provision released on disposal of property[6]	**0.5**	–
	(3.4)	(3.4)
Exceptional tax:		
Tax attributable to above adjustments	**0.4**	0.1
Change in corporation tax rate	**–**	0.9
	0.4	1.0
Total exceptional items after tax	**(3.0)**	(2.4)

[1] The movement on the revaluation of properties is a non-cash item that relates to the revaluation exercise that was completed based on the period end date. The revaluation was conducted at an individual pub level and identified an upward movement of £2.1 million (2017: £3.0 million) representing reversals of previous impairments recognised in the income statement, and a downward movement of £1.8 million (2017: £3.5 million), representing downward movements in excess of amounts recognised in equity. These resulted in a net upward movement of £0.3 million (2017: £0.5 million net downward) which has been recognised in the income statement. The upward movement for the period ended 2 April 2018 was split between land and buildings of £0.3 million upward (2017: £0.5 million downward) and fixtures and fittings of £nil (2017: £nil). See note 5 for segmental information.

(2) During the period, the group paid £2.8 million to the previous tenants of the Hope and Anchor (Brixton), Grove (Camberwell) and the King's Arms (Wandsworth) and, in the prior period, £2.0 million to the previous tenants of the Woolpack (Bermondsey), in each case to terminate their lease agreement early.

(3) The acquisition costs relate to the purchase of the Chequers Inn (Hanham Mills), Smiths of Smithfield (Smithfield Market), Smiths (Cannon Street), Park (Teddington) and the Bridge (Chertsey). They include legal and professional fees and stamp duty land tax. The prior period acquisition costs related to the purchases of the Blue Boar (Chipping Norton) and the Riverstation (Bristol).

(4) The prior period goodwill disposal was a non-cash item and related to the Three Bells (Heathrow Airport) and the Five Tuns (Heathrow Airport) whose leases expired during the prior period. The Three Bells and the Five Tuns formed part of the Geronimo group of cash generating units (which are pubs under the Geronimo concept) and fell within the Geronimo managed houses segment.

(5) The profit on sale of properties relates to the difference between the cash, less selling costs, received from the sale of the King's Arms (Epsom) and the carrying value of the assets on the date of sale. In the prior period there was no profit or loss from the sale of properties.

(6) The loss on disposal of properties relates to the difference between cash, less selling costs, received from the sale of the Court House (Dartford) and the carrying value of the net assets at the date of sale. Previously an onerous lease was recognised in respect of the property which was subsequently released on disposal.

10. OTHER FINANCIAL MEASURES

The table below shows how adjusted group EBITDA, operating profit and profit before tax have been arrived at. They exclude exceptional items which due to their material or non-recurring nature distort the group's performance. These alternative performance measures have been provided to help investors assess the group's underlying performance. Details of the exceptional items can be seen in note 9. All the results below are from continuing operations.

	2018 – 52 weeks			2017 – 53 weeks		
	Unadjusted £m	**Exceptional items £m**	**Adjusted £m**	Unadjusted £m	Exceptional items £m	Adjusted £m
EBITDA	**65.0**	**3.7**	**68.7**	63.6	2.9	66.5
Depreciation and net movement on the revaluation of properties	**(20.8)**	**(0.3)**	**(21.1)**	(20.3)	0.5	(19.8)
Amortisation of lease premiums	**(0.7)**	**–**	**(0.7)**	(0.6)	–	(0.6)
Operating profit	**43.5**	**3.4**	**46.9**	42.7	3.4	46.1
Net finance costs	**(5.6)**	**–**	**(5.6)**	(5.5)	–	(5.5)
Other finance charges	**(0.3)**	**–**	**(0.3)**	(0.2)	–	(0.2)
Profit before tax	**37.6**	**3.4**	**41.0**	37.0	3.4	40.4

11. FINANCE COSTS

	2018 52 weeks £m	2017 53 weeks £m
Bank loans and overdrafts	**5.6**	5.4
Finance lease interest	**–**	0.1
	5.6	5.5

12. TAXATION

Tax charged in the group income statement	2018 52 weeks £m	2017 53 weeks £m
Current tax		
Current tax expense	**8.7**	8.9
Adjustment in respect of current tax of prior periods	**–**	0.2
	8.7	9.1
Deferred tax		
Origination and reversal of temporary differences	**(1.2)**	(0.7)
Change in corporation tax rate	**–**	(0.9)
Adjustment in respect of deferred tax of prior periods	**–**	(0.5)
	(1.2)	(2.1)
Tax expense	**7.5**	7.0

Deferred tax in the group income statement		
Property revaluation and disposals	**(0.5)**	(1.4)
Capital allowances	**(0.9)**	(0.7)
Retirement benefit schemes	**0.2**	0.1
Share based payments	**–**	(0.1)
Tax credit	**(1.2)**	(2.1)

Deferred tax in the group statement of comprehensive income		
Property revaluation and disposals	**3.5**	2.0
Retirement benefit schemes	**1.0**	(1.4)
Interest rate swaps	**0.7**	0.2
Change in corporation tax rate	**–**	(1.7)
Tax charge/(credit)	**5.2**	(0.9)

A reconciliation of the tax expense applicable to the profit from operating activities before tax at the statutory rate to the actual tax expense at the group's effective tax rate for the periods ended 2 April 2018 and 3 April 2017 respectively is as follows:

	2018 52 weeks £m	2017 53 weeks £m
Profit before tax	**37.6**	37.0
Total profit before tax at a corporation tax rate of 19% (2017: 20%)	**7.1**	7.4
Tax effects of:		
Expenses not deductible for tax purposes[1]	**1.4**	1.0
Recognition of property revaluation, rollover claim and other property movements	**(0.7)**	(0.2)
Non-taxable income	**(0.3)**	–
Remeasurement of deferred tax – change in corporation tax rate	**–**	(0.9)
Prior period adjustment – current tax	**–**	0.2
Prior period adjustment – deferred tax	**–**	(0.5)
Total tax expense	**7.5**	7.0

[1] Expenses not deductible for tax purposes include property acquisition costs, depreciation on assets ineligible for capital allowances and share based payments.

Changes to the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and then to 17% (effective from 1 April 2020) were substantively enacted into law on 6 September 2016. Deferred tax balances that will be realised or settled between 3 April 2018 and 1 April 2020 have been measured at 19%, with the remainder re-measured at 17%.

13. BUSINESS COMBINATIONS

Smiths of Smithfield Limited

On 13 November 2017 the group and the company acquired the entire issued share capital of Smiths of Smithfield Limited for a consideration of £9.0 million on a debt and working capital free basis. Smiths of Smithfield Limited owns and operates Smiths of Smithfield (Smithfield Market) and Smiths (Cannon Street).

The fair value of the identifiable assets and liabilities of the acquired business at the date of acquisition was as follows:

	Fair value £m
Identifiable assets and liabilities acquired:	
Property and equipment	**2.2**
Inventories	**0.1**
Trade and other receivables	**1.6**
Loans	**(2.2)**
Trade and other payables	**(1.8)**
Net assets	**(0.1)**
Lease premium	**6.8**
Total consideration for share capital	**6.7**
Cash flow on acquisition:	
Loans acquired and repaid	**(2.2)**
Net working capital acquired and repaid	**(0.1)**
Cash paid for share capital	**(6.7)**
Net cash outflow	**(9.0)**

The group incurred £0.2 million of costs associated with the acquisition, which have been recorded as operating exceptional items.

Between the date of acquisition and the balance sheet date, Smiths of Smithfield Limited contributed £2.3 million of revenue and £0.2 million of operating loss. If the acquisition had been completed on 4 April 2017, group revenues for the period would have increased by £3.0 million and the group operating profit would have increased by £0.5 million.

Other business combinations

The group and the company acquired the Chequers Inn (Hanham Mills) on 17 July 2017 and both the Park (Teddington) and the Bridge (Chertsey) on 29 March 2018 as business combinations in the current period for considerations totalling £14.0 million. The aggregated fair value of the identifiable assets and liabilities of the acquired businesses was property and equipment of £14.0 million and inventories of £nil. The group incurred £1.0 million of costs associated with the acquisitions, which have been recorded within operating exceptional items.

Between the respective dates of acquisition and the balance sheet date these business combinations contributed £0.6 million of revenue and £nil operating profit to the group. If the acquisitions had been completed on 4 April 2017, group revenues for the period would have increased by £2.4 million and the group operating profit would have increased by £0.2 million.

In the prior period, the group and the company acquired the Blue Boar (Chipping Norton) and the Riverstation (Bristol) as business combinations for considerations totalling £3.8 million. The aggregated fair value of the identifiable assets and liabilities of the acquired businesses was property and equipment of £3.8 million and inventories of £nil. The group incurred £0.2 million of costs associated with the acquisitions, which were recorded within operating exceptional items.

In the prior period between the respective dates of acquisition and the balance sheet date, the Blue Boar and the Riverstation contributed £1.0 million of revenue and £nil of operating profit to the group. If the acquisitions had been completed on 29 March 2016, group revenues for the prior period would have increased by £1.7 million and the group operating profit would have increased by £0.4 million.

Cash flow from business combinations

	2018 £m	2017 £m
Smiths of Smithfield Limited	**(9.0)**	–
Other business combinations	**(14.0)**	(3.8)
Total net cash outflow	**(23.0)**	(3.8)

14. DIVIDENDS ON EQUITY SHARES

	2018 52 weeks Pence	2017 53 weeks Pence	**2018 52 weeks £m**	2017 53 weeks £m
Final dividend (previous period)	**9.62**	9.07	**4.7**	4.4
Interim dividend (current period)	**9.41**	8.88	**4.6**	4.3
	19.03	17.95	**9.3**	8.7

In addition, the board is proposing a final dividend in respect of the period ended 2 April 2018 of 10.20 pence per share at a cost of £5.0 million. If approved, it is expected to be paid on 12 July 2018 to shareholders who are on the register of members at the close of business on 8 June 2018.

15. EARNINGS PER ORDINARY SHARE

(a) Earnings

	2018 52 weeks £m	2017 53 weeks £m
Profit attributable to equity shareholders of the parent	**30.1**	30.0
Operating exceptional items	**3.4**	3.4
Tax attributable to above adjustments	**(0.4)**	(0.1)
Change in corporation tax rate	**–**	(0.9)
Adjusted earnings after tax	**33.1**	32.4

	Number	Number
Basic weighted average number of ordinary shares in issue	**48,862,927**	48,774,457
Dilutive potential ordinary shares from outstanding employee share options	**33,413**	26,331
Diluted weighted average number of shares	**48,896,340**	48,800,788

(b) Basic earnings per share

	Pence	Pence
Basic	**61.60**	61.51
Effect of exceptional items and other adjustments	**6.14**	4.92
Adjusted basic	**67.74**	66.43

(c) Diluted earnings per share

	Pence	Pence
Diluted	**61.56**	61.47
Effect of exceptional items and other adjustments	**6.13**	4.92
Adjusted diluted	**67.69**	66.39

The basic earnings per share figure is calculated by dividing the profit attributable to equity shareholders of the parent for the period by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share have been calculated on a similar basis taking into account 33,413 (2017: 26,331) dilutive potential shares under the SAYE scheme (see notes 8(e) and 28).

Adjusted earnings per share are presented to eliminate the effect of the exceptional items and the tax attributable to those items on basic and diluted earnings per share.

16. GOODWILL

	Group			
2018	**At 3 April 2017 £m**	**Acquisitions £m**	**Impairment/ disposal £m**	**At 2 April 2018 £m**
Geronimo	**18.8**	**–**	**–**	**18.8**
Bell at Stow	**0.2**	**–**	**(0.2)**	**–**
580 Limited	**0.9**	**–**	**–**	**0.9**
	19.9	**–**	**(0.2)**	**19.7**

2017	At 28 March 2016 £m	Acquisitions £m	Impairment/ disposal £m	At 3 April 2017 £m
Geronimo	19.5	–	(0.7)	18.8
Bell at Stow	0.2	–	–	0.2
580 Limited	0.9	–	–	0.9
	20.6	–	(0.7)	19.9

	Company			
2018	**At 3 April 2017 £m**	**Acquisitions £m**	**Impairment/ disposal £m**	**At 2 April 2018 £m**
Geronimo	**–**	**1.0**	**–**	**1.0**
Bell at Stow	**0.2**	**–**	**(0.2)**	**–**
580 Limited	**0.9**	**–**	**–**	**0.9**
	1.1	**1.0**	**(0.2)**	**1.9**

2017	At 28 March 2016 £m	Acquisitions £m	Impairment/ disposal £m	At 3 April 2017 £m
Bell at Stow	–	0.2	–	0.2
580 Limited	–	0.9	–	0.9
	–	1.1	–	1.1

The opening goodwill of £19.9 million arose on the acquisition of Geronimo Group Limited, 580 Limited and the Bell at Stow Limited. The goodwill was allocated for impairment testing purposes to the Geronimo group, the individual pubs within the 580 group and the Bell at Stow respectively; these are the cash generating units. The Geronimo group of cash generating units is the pubs trading under the Geronimo concept. All three cash generating units fall within the managed houses segment.

During the current period, an impairment assessment on the Bell at Stow identified an impairment of £0.2 million which has been expensed through the income statement.

During the prior period, the leases of the Three Bells and the Five Tuns (both at Heathrow) expired and no longer formed part of the Geronimo group and the managed houses segment. The relative value of the goodwill associated with the Three Bells and the Five Tuns, £0.7 million, had been expensed and classified within exceptional items.

The trade and assets of Geronimo Airports Limited were transferred into Young's at book value during the period and in December 2017 Geronimo Airports Limited went into members' voluntary liquidation. As a result, associated goodwill has been transferred into Young's creating goodwill of £1.0 million within the company.

The group tests goodwill annually for impairment or more frequently if there are indicators that goodwill may have been impaired.

There will be an impairment if the recoverable amount is lower than carrying value. Recoverable amount is value in use. The value in use is calculated using the three-year business plan approved by the board. Cash flows beyond this period assume 2.0% growth (2017: 2.0%) which is below the industry long-term average growth rate. The pre-tax discount rate applied to cash flow projections is 7.8% (2017: 7.8%). The calculation is most sensitive to revenue assumptions and the pre-tax discount rate; however, the board believes that the assumptions used are reasonable.
The board has conducted a sensitivity analysis on the impairment test and neither a 10% decline in cash flow nor a 1% increase in the discount rate would lead to the impairment of the goodwill in the period ended 2 April 2018 and the board is therefore comfortable that presently no reasonably possible change in key assumptions would give rise to an impairment.

17. PROPERTY AND EQUIPMENT

	Group			Company		
	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m
Cost or valuation						
At 28 March 2016	**623.8**	**118.8**	**742.6**	**560.8**	**104.5**	**665.3**
Additions	9.4	25.0	34.4	8.4	22.0	30.4
Business combinations	3.0	0.8	3.8	3.0	0.8	3.8
Disposals	(0.3)	(0.2)	(0.5)	(0.3)	(0.1)	(0.4)
Transfer out to assets held for sale	(1.6)	(0.3)	(1.9)	(1.6)	(0.3)	(1.9)
Fully depreciated assets	(6.5)	(22.8)	(29.3)	(7.1)	(20.9)	(28.0)
Revaluation[1]						
– effect of upward movement in property valuation	27.0	–	27.0	26.5	–	26.5
– effect of downward movement in property valuation	(7.5)	–	(7.5)	(6.7)	–	(6.7)
At 3 April 2017	**647.3**	**121.3**	**768.6**	**583.0**	**106.0**	**689.0**
Additions	9.3	20.7	30.0	9.3	20.2	29.5
Business combinations	12.7	3.5	16.2	11.6	3.4	15.0
Disposals	(1.0)	–	(1.0)	(1.0)	–	(1.0)
Fully depreciated assets	(0.7)	(11.3)	(12.0)	(0.7)	(11.2)	(11.9)
Transfers from lease premiums	0.4	–	0.4	–	–	–
Transfer in from subsidiary companies	–	–	–	59.7	15.6	75.3
Revaluation[1]						
– effect of upward movement in property valuation	32.5	–	32.5	32.5	–	32.5
– effect of downward movement in property valuation	(4.9)	–	(4.9)	(4.9)	–	(4.9)
At 2 April 2018	**695.6**	**134.2**	**829.8**	**689.5**	**134.0**	**823.5**
Depreciation and impairment						
At 28 March 2016	**38.9**	**53.9**	**92.8**	**34.4**	**48.6**	**83.0**
Depreciation charge	1.6	18.2	19.8	0.8	16.2	17.0
Disposals	–	(0.1)	(0.1)	–	(0.1)	(0.1)
Transfer out to assets held for sale	(0.4)	(0.2)	(0.6)	(0.4)	(0.2)	(0.6)
Fully depreciated assets	(6.5)	(22.8)	(29.3)	(7.1)	(20.9)	(28.0)
Revaluation[1]						
– effect of downward movement in property valuation	3.6	–	3.6	3.4	–	3.4
– effect of upward movement in property valuation	(6.7)	–	(6.7)	(5.8)	–	(5.8)
At 3 April 2017	**30.5**	**49.0**	**79.5**	**25.3**	**43.6**	**68.9**
Depreciation charge	1.8	19.3	21.1	1.5	18.9	20.4
Disposals	–	–	–	–	–	–
Fully depreciated assets	(0.7)	(11.3)	(12.0)	(0.7)	(11.2)	(11.9)
Transfers from lease premiums	0.2	–	0.2	–	–	–
Transfer in from subsidiary companies	–	–	–	4.7	5.7	10.4
Revaluation[1]						
– effect of downward movement in property valuation	1.8	–	1.8	1.8	–	1.8
– effect of upward movement in property valuation	(3.7)	–	(3.7)	(3.7)	–	(3.7)
At 2 April 2018	**29.9**	**57.0**	**86.9**	**28.9**	**57.0**	**85.9**
Net book value						
At 28 March 2016	584.9	64.9	649.8	526.4	55.9	582.3
At 3 April 2017	616.8	72.3	689.1	557.7	62.4	620.1
At 2 April 2018	**665.7**	**77.2**	**742.9**	**660.6**	**77.0**	**737.6**

[(1)] The group's net book value uplift during the period was £29.5 million (2017: £22.6 million). This uplift was recognised either in the revaluation reserve or the income statement, as appropriate. The impact of the revaluations was as follows:

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Income Statement				
Revaluation loss charged as impairment	**(1.8)**	(3.5)	**(1.8)**	(3.3)
Reversal of past impairment	**2.1**	3.0	**2.1**	2.9
	0.3	(0.5)	**0.3**	(0.4)
Revaluation reserve				
Unrealised revaluation surplus	**34.1**	30.7	**34.1**	29.4
Reversal of past surplus	**(4.9)**	(7.6)	**(4.9)**	(6.8)
	29.2	23.1	**29.2**	22.6
Net revaluation increase in property	**29.5**	22.6	**29.5**	22.2

(a) Revaluation of property and equipment

On an annual basis, a portion of the group's property estate is valued externally by Savills, independent Chartered Surveyors, in accordance with the provisions of the RICS Valuation – Professional Standards January 2014 (Revised April 2015) ('the Red Book'), which takes account of the properties' highest and best value. The remaining portion of the estate is valued internally, based upon the information supplied by the group's external valuers and by Andrew Cox MRICS, the group's director of property and tenancies and a Chartered Surveyor.

The valuation is based on information, such as current and historic levels of turnover, gross profit, wages and overheads and resultant EBITDA. The valuers have then applied a multiplier to the EBITDA based upon the relative risks associated with the trading format, tenure and property. In a number of cases, the value of the property derived purely from an income approach understates the underlying property value. In these cases the valuers have applied a spot value to the property rather than a value derived from a multiple applied to the income. EBITDA represents a key unobservable input. In addition, the valuation was based on the valuer's assumptions and models. Each individual pub is valued as a fully equipped operational entity after taking into account its trading potential, location, tenure, size and condition and other factors such as recent market transactions. Changes in these variables and assumptions could materially impact the valuations.

The external valuations made are consistent and in support with the values derived by Andrew Cox. These valuations and the assumptions used are reviewed by the board and the auditor. The highest and best use of the group's properties do not differ materially from their current use.

These techniques are consistent with the principles in IFRS 13: Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of each property within the portfolio has been classified as Level 3 (2017: Level 3) in the fair value hierarchy.

The key inputs to valuation on property and equipment are as follows:

Segment 2018	**Tenure**	**EBITDA multiple range Low**	**High**	**Number of pubs**	**Value of pubs £m**
Managed houses	Freehold and long leasehold	6.0	12.0	**123**	**574.6**
Ram Pub Company	Freehold and long leasehold	3.0	12.0	**48**	**39.5**
Managed houses	Freehold and long leasehold	Spot	Spot	**25**	**80.9**
Ram Pub Company	Freehold and long leasehold	Spot	Spot	**17**	**20.3**
Segment total				**213**	**715.3**
Short leaseholds				**42**	**19.3**
Unallocated				**–**	**8.3**
Total net book value at 2 April 2018				**255**	**742.9**
2017					
Managed houses	Freehold and long leasehold	6.0	12.0	122	545.8
Ram Pub Company	Freehold and long leasehold	3.0	12.0	53	42.8
Managed houses	Freehold and long leasehold	Spot	Spot	18	59.8
Ram Pub Company	Freehold and long leasehold	Spot	Spot	19	16.2
Segment total				212	664.6
Short leaseholds				40	16.3
Unallocated				–	8.2
Total net book value at 3 April 2017				252	689.1

If, at 2 April 2018, the property estate had been carried at historic cost less accumulated depreciation and impairment losses, its carrying amount would have been approximately £449.5 million (2017: £425.7 million).

The revaluation surplus represents the amount by which the fair value of the estate exceeds its historic cost.

17. PROPERTY AND EQUIPMENT (CONTINUED)

A sensitivity analysis has been conducted on the property estate to give an indication of the impact of movements in the most sensitive assumption, EBITDA. The analysis considers this single change with the other assumptions unchanged. In practice, changes in one assumption may be accompanied by changes in another. Changes in market values may also occur at the same time as any changes in assumptions. This information should not be taken as a projection of likely future valuation movements. Decreasing the EBITDA used in the revaluation by 10% would decrease the valuation by £61.4 million (2017: £54.2 million). Increasing the EBITDA used in the revaluation by 10% would increase the valuation by £61.4 million (2017: £54.2 million).

(b) Assets held under finance leases

The net book value of assets held under finance leases was:

	2018 **£m**	2017 £m
Land and buildings held under finance leases	**31.3**	30.9

(c) Capital commitments

Capital commitments not provided for in these financial statements and for which contracts have been placed amounted to:	**7.4**	2.5

18. INVESTMENTS IN SUBSIDIARIES

Cost and net book value	Company **£m**
At 28 March 2016	31.3
Disposals	(1.1)
At 3 April 2017	**30.2**
Additions	**6.7**
Disposals	**(1.2)**
At 2 April 2018	**35.7**

Group subsidiary undertakings	Country of incorporation and registration	Country of principal operations	% of equity and votes held
Geronimo Inns Limited	England	England	100
Geronimo Airports Limited (in members' voluntary liquidation)	England	England	100
580 Limited	England	England	100
Smiths of Smithfield Limited	England	England	100

During the period, the company acquired 100% of the share capital of Smiths of Smithfield Limited, creating an additional investment of £6.7 million.

The trade and the assets of Geronimo Airports Limited were transferred into Young's during the period and in December 2017 Geronimo Airports Limited went into members' voluntary liquidation. An investment disposal of £1.2 million was recognised in respect of this. For further details on the transfer, see note 16.

During the period, Bermondsey Woolpack Limited was struck off and dissolved at its own request. Prior to that, it was a wholly-owned subsidiary of the company.

All group subsidiaries' registered offices are at Riverside House, 26 Osiers Road, Wandsworth, London SW18 1NH.

19. INVENTORIES

	Group		Company	
	2018 **£m**	2017 £m	**2018** **£m**	2017 £m
Finished goods and raw materials	**3.0**	2.8	**3.0**	2.1

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	**2018**	2017
	£m	£m	**£m**	£m
Trade receivables	**2.3**	2.9	**2.3**	3.0
Other receivables	**0.8**	0.8	**0.8**	0.8
Prepayments and accrued income	**3.9**	3.5	**3.9**	2.6
Amounts due from subsidiaries	**–**	–	**1.6**	16.3
	7.0	7.2	**8.6**	22.7

Trade receivables are denominated in sterling, are non-interest bearing and are generally on 0-20 days' terms. The above carrying values are shown net of a provision for impairment and equate to fair value.

At 2 April 2018, trade receivables with a nominal value of £0.8 million (2017: £0.6 million) were impaired and fully provided for.

Movements in the provision for impairment of receivables were as follows:

	2018	2017
	£m	£m
Opening balance	**0.6**	0.8
Charge for period	**0.3**	0.1
Amounts written off	**(0.1)**	(0.3)
	0.8	0.6

The amounts written off in the period were specific debts which proved irrecoverable.

The analysis of trade receivables at 2 April 2018 is as follows:

	Total £m	**Neither past due nor impaired £m**	**<31 days £m**	**31-60 days £m**	**61-90 days £m**	**91+ days £m**
2018	**2.3**	**2.1**	**0.2**	**–**	**–**	**–**
2017	2.9	2.2	0.2	0.1	0.1	0.3

Of the trade receivables that are neither past due nor impaired by value, 3.5% (2017: 29.0%) reflects new customers with no previous history of default, 46.5% (2017: 36.8%) represents existing customers with no history of default and 50.0% (2017: 34.2%) represents existing customers with some history of default.

21. ASSETS HELD FOR SALE

	Group		Company	
	2018	2017	**2018**	2017
	£m	£m	**£m**	£m
Properties held for sale	**–**	1.3	**–**	1.3

In the prior period, two properties were classified as held for sale. Both properties have been sold in the current period. The value of the property and equipment held for sale represented the expected net disposal proceeds at the prior period end. This included a net upwards revaluation of £0.4 million which was included within the prior year income statement as an exceptional item. Upon disposal in the current period, a £0.3 million profit has been recognised within the income statement as an exceptional item. Both properties were in the Ram Pub Company segment.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	**2018**	2017
	£m	£m	**£m**	£m
Trade payables	**13.0**	14.2	**13.0**	14.1
Other tax and social security	**4.8**	9.1	**4.8**	8.8
Other creditors	**7.2**	7.2	**7.2**	6.6
Accruals and deferred income	**5.9**	4.8	**5.9**	4.3
Amounts due to subsidiaries	**–**	–	**57.3**	4.7
	30.9	35.3	**88.2**	38.5

All trade payables are payable on demand and the carrying values above equate to fair value.

Other creditors mainly consist of employee and property related creditors.

23. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The group's capital management objective is to maintain an optimal structure, measuring investment opportunities against returning capital to shareholders, but with an appropriate level of gearing. This provides a platform from which the group can seek to maximise shareholder value. The board monitors its capital using gearing ratios, such as net debt as a multiple of EBITDA and interest cover. The group works within a financial framework aimed at keeping net debt to EBITDA not greater than 4.0 times. At the period end, the net debt to EBITDA was 2.0 times (2017: 1.9 times), providing the group with plenty of headroom. All covenants in relation to bank loans have also been fully complied with. The group finances the business with a mixture of equity (note 27) and debt (note 30).

The group's principal treasury objective is to manage financial risks and provide secure and competitively priced funding for the group's activities. When appropriate, the group uses financial instruments and derivatives to manage these risks.

The borrowing requirements are met largely by bank debt and, to a very small extent, finance leases. Other sources of funding arise directly from trading activities, such as trade and other payables.

The main financial risks relate to interest rates, credit, liquidity and cash flow. Other risks that the group faces are referred to in the principal risks and uncertainties section starting on page 8. The board seeks to manage the financial risks in the following manner:

Interest rate risk

The objective is to minimise the group's interest cost and provide protection from adverse movements in interest rates. The board does this by maintaining a mix of debt at fixed and variable interest rates. Interest rate swaps are used to help manage this exposure by fixing interest rates whilst matching the maturity profile and cash flows of the underlying debt. These swaps are designated as cash flow hedges.

The following table demonstrates the sensitivity of the group's profit before tax to a change in interest rates, with all other variables held constant.

	Increase/ decrease in %	Effect on profit before tax £m
2018	**+1.0**	**(0.40)**
	–0.5	**0.20**
2017	+1.0	(0.26)
	–0.5	0.13

Credit risk

The objective is to minimise the group's credit risk. Credit risks include counterparties defaulting on their debts or other obligations which would impair the group's ability to recover the carrying value of that asset. The group has financial control policies which it follows before entering into arrangements with a new counterparty or when there is a substantial change in the existing relationship. Any potential impairments are monitored and, where appropriate, provision is made for any irrecoverable balances. The group's maximum credit risk is considered to be limited to its trade receivables (note 20). The company is not considered to have any exposure to credit risk from amounts due from subsidiaries.

Liquidity and cash flow risk

The objective is to ensure that the group has sufficient financial resources to develop its existing business and exploit opportunities as they arise. The board manages liquidity risk by ensuring that the group's debt profile is long-dated, facilities are committed and the group does not rely unduly on short-term borrowings. The group's borrowings are dependent on certain financial covenants being met. If these were breached, funding could be withdrawn, leaving the group with insufficient working capital and if the group were unable to find other alternative sources of funding it may not be possible to continue trading in its current form. The board is vigilant in managing the business, assessing and monitoring acquisitions and investments, and forecasting the group's profit and cash flows. The funding position of the group is continuously reviewed against the headroom in the group's borrowing facilities.

(a) Derivative financial instruments: interest rate swaps

	Group and company	
	2018	2017
	£m	£m
Current liabilities	**(1.9)**	(2.9)
Non-current liabilities	**(4.7)**	(7.9)
Total financial liabilities	**(6.6)**	(10.8)

Fair value movement of interest rate swaps recognised in other comprehensive income	**4.3**	1.3

The group has a number of interest rate swaps that fix future interest cash flows on the variable interest rate bank loans. These instruments result in the group paying fixed interest rates on the notional amount for each swap's life. The swaps are being used to hedge the exposure to changes in the group's cash flows on its variable rate loans due to changes in LIBOR. The secured loans and the interest rate swaps have the same critical terms over their relevant period.

The duration of each swap, and its respective interest rates once combined with the bank's margin and other costs, are detailed in part (b) of this note.

(b) Loans, borrowings, interest rates and fair values

2018	Term or expiry date	Effective interest rate when hedged	Variable interest rate when unhedged[1]	Period rate fixed	**Fair value 2018 £m**	**Book value 2018 £m**
	Group and company					
Secured						
£30 million loan swapped into fixed rate	March 2021	4.34%	L+1.50%	3 years	**31.5**	**29.9**
£20 million loan swapped into fixed rate	March 2021	2.23%	L+1.50%	3 years	**19.8**	**20.0**
£30 million loan swapped into fixed rate	March 2023	5.97%	L+0.95%	5 years	**35.3**	**30.0**
£10 million loan swapped into fixed rate	May 2024	2.77%	L+1.35%	6 years	**10.0**	**9.9**
£10 million loan swapped into fixed rate	May 2024	2.71%	L+1.50%	6 years	**9.8**	**9.9**
£75 million revolving credit facility	March 2023	Variable	L+0.75%	None	**37.4**	**37.4**
					143.8	**137.1**

[1] For variable rate loans, the interest rate payable is either 1-month or 3-month LIBOR (L) plus the margin shown.

Unsecured	
Current borrowings	**10.0**
Finance leases	**0.6**
Financial liabilities	**147.7**

	Group 2018 £m	Company 2018 £m
Current borrowings	**10.0**	**10.0**
Non-current financial liabilities	**137.7**	**137.7**
Financial liabilities	**147.7**	**147.7**

2017	Term or expiry date	Effective interest rate	Period rate fixed	Fair value 2017 £m	Book value 2017 £m
	Group and company				
Secured					
£20 million loan swapped into fixed rate	March 2018	4.58%	1 year	20.6	20.0
£30 million loan swapped into fixed rate	March 2021	4.34%	4 years	32.7	29.8
£20 million loan swapped into fixed rate	March 2021	2.23%	4 years	19.8	19.9
£30 million loan swapped into fixed rate	March 2023	5.97%	6 years	37.3	30.0
£75 million revolving credit facility	March 2019	Variable	None	24.4	24.4
				134.8	124.1
Unsecured					
Current borrowings					8.5
Finance leases					0.6
Financial liabilities					133.2

	Group 2017 £m	Company 2017 £m
Current borrowings	28.5	28.5
Non-current financial liabilities	104.7	104.7
Financial liabilities	133.2	133.2

The secured borrowings are secured on the assets of the group (other than two pubs, broadly up to a value of £10.0 million, which provide security to the Young & Co.'s Brewery, P.L.C. Pension Scheme).

The fair values of borrowings and interest rate derivatives are estimates based on prevailing market rates of interest and expected future cash flows arising from those instruments. The group enters into interest rate derivatives with various banks; these counterparties each have investment grade credit ratings. Interest rate swaps are valued using Level 2 valuation techniques, which employ the use of market observable inputs. The valuation techniques include swap models using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, discount factors and interest rate curves. As at 2 April 2018, the marked-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships.

23. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Bank overdrafts
Bank overdrafts are used for day to day cash management. The group has a £10 million overdraft facility with interest linked to the Bank of England base rate.

Bank loans
During the year, the group refinanced a number of our banking facilities. In May 2017, the group entered into a new bilateral £10 million term loan with Barclays Bank plc, a new bilateral £10 million term loan with HSBC Bank plc, both repayable on 23 May 2024. This was used to immediately extinguish a £20 million term loan with Royal Bank of Scotland plc that was due to expire in March 2018. Arrangement fees relating to the new loans were capitalised and will be written off to the income statement over the life of term loan. Any remaining capitalised arrangement fees associated with the extinguished loan were written off immediately to the income statement.

The group also has a bilateral £30 million term loan with the Royal Bank of Scotland and a £50 million syndicated facility with the Royal Bank of Scotland and Barclays. The bilateral loan with the Royal Bank of Scotland is repayable on 28 March 2023. The syndicated loan is repayable on 17 March 2021.

Interest rate swaps have been entered into in respect of these bank loans which result in the effective interest charge being fixed at the rates disclosed on the previous page.

Revolving credit facility
In March 2018, the group entered into a new £75 million revolving credit facility split evenly with Barclays and HSBC. This was used to replace the previous equivalent sum revolving credit facility with RBS and Barclays. Arrangement fees relating to the revolving credit facility were capitalised and will be written off to the income statement over the life of the facility. Any remaining capitalised arrangement fees associated with the extinguished facility were written off immediately to the income statement.

At the period end, £38.0 million was drawn. Final repayment of the total drawn down balance is due as one payment on 20 March 2023. This is a committed facility which permits drawings of different amounts and for different periods. These drawings carry interest at a margin above LIBOR with a commitment payment on the undrawn portions. Interest is payable at each loan renewal date.

(c) Maturity of the group's financial liabilities and expiry of facilities

	Maturity of financial liabilities				
2018	**Within one year £m**	**Between one and two years £m**	**Between two and five years £m**	**After five years £m**	**Total £m**
Borrowings	**10.9**	**1.1**	**122.8**	**20.0**	**154.8**
Trade and other payables	**25.3**	**–**	**–**	**–**	**25.3**
Derivative financial instruments	**2.8**	**2.8**	**6.3**	**0.3**	**12.2**
	39.0	**3.9**	**129.1**	**20.3**	**192.3**

2017	Within one year £m	Between one and two years £m	Between two and five years £m	After five years £m	Total £m
Borrowings	29.0	24.6	52.6	30.0	136.2
Trade and other payables	26.2	–	–	–	26.2
Derivative financial instruments	3.2	2.5	6.5	1.5	13.7
	58.4	27.1	59.1	31.5	176.1

The above maturity table includes contractual gross undiscounted cash flows of the borrowings, related interest, net derivatives, finance leases, trade and other payables and contractual accruals.

(d) Fair value hierarchy for instruments measured at fair value

	Group and company			
	Fair value 2018 £m	**Level 1 2018 £m**	**Level 2 2018 £m**	**Level 3 2018 £m**
Financial liabilities at fair value				
Interest rate swaps	**6.6**	**–**	**6.6**	**–**
	6.6	**–**	**6.6**	**–**

	Fair value 2017 £m	Level 1 2017 £m	Level 2 2017 £m	Level 3 2017 £m
Financial liabilities at fair value				
Interest rate swaps	10.8	–	10.8	–
	10.8	–	10.8	–

Level 1
Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2
Fair values measured using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly.

Interest rate swaps are accounted for at their fair value, calculated using a discounted cash flow method. Actual and estimated cash flows are discounted by applying discount factors derived from observable market data and by considering the credit risk.

Level 3
Fair values measured using inputs for the asset or liability that are not based on observable market data.

(e) Financial assets and other financial liabilities

Financial assets and other financial liabilities of the group and the company are not included in this note because their book value approximates their carrying value.

(f) Changes in liabilities arising from financing activities

	Group and company						
	At 4 April 2017 £m	**Cash flows £m**	**Changes in fair value £m**	**New loans £m**	**Expired loans £m**	**Other £m**	**At 2 April 2018 £m**
Bank loans	**132.6**	**14.2**	**–**	**20.0**	**(20.0)**	**0.3**	**147.1**
Derivative financial instruments	**10.8**	**–**	**(4.3)**	**–**	**–**	**0.1**	**6.6**
Finance leases	**0.6**	**–**	**–**	**–**	**–**	**–**	**0.6**
Total liabilities from financing activities	**144.0**	**14.2**	**(4.3)**	**20.0**	**(20.0)**	**0.4**	**154.3**

	Group and company						
	At 29 March 2016 £m	Cash flows £m	Changes in fair value £m	New loans £m	Expired loans £m	Other £m	At 3 April 2017 £m
Bank loans	142.8	(10.4)	–	–	–	0.2	132.6
Derivative financial instruments	12.1	–	(1.3)	–	–	–	10.8
Finance leases	0.6	–	–	–	–	–	0.6
Total liabilities from financing activities	155.5	(10.4)	(1.3)	–	–	0.2	144.0

24. DEFERRED TAX

Deferred tax relates to the following:

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Deferred tax assets				
Interest rate swaps	**1.2**	1.9	**1.2**	1.9
Retirement benefit schemes	**1.0**	2.2	**1.0**	2.2
Decelerated capital allowances	**2.8**	1.9	**2.8**	1.8
Capital losses	**0.6**	0.5	**0.6**	0.5
Share based payments	**0.8**	0.9	**0.8**	0.9
	6.4	7.4	**6.4**	7.3
Deferred tax liabilities				
Rolled over gains on property revaluations	**(54.6)**	(51.6)	**(54.6)**	(47.3)
Net deferred tax liabilities	**(48.2)**	(44.2)	**(48.2)**	(40.0)

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Opening balance	**(44.2)**	(47.3)	**(40.0)**	(42.4)
Tax credit in the income statement	**1.2**	2.1	**1.3**	1.9
Tax (charge)/credit in the statement of comprehensive income	**(5.2)**	0.9	**(5.2)**	0.8
Tax credit recognised directly in equity	**–**	0.1	**–**	0.1
Transfer of property to parent company	**–**	–	**(4.3)**	(0.4)
Closing balance	**(48.2)**	(44.2)	**(48.2)**	(40.0)

Movements in the deferred tax assets are shown below:

	Interest rate swap £m	Retirement benefit scheme £m	Decelerated capital allowances £m	Capital losses £m	Share based payments £m	Total £m
Deferred tax assets						
Balance as at 28 March 2016	2.2	1.2	1.1	0.9	0.8	6.2
(Charged)/credited to the income statement	–	(0.1)	0.8	(0.4)	–	0.3
(Charged)/credited to other comprehensive income	(0.3)	1.1	–	–	–	0.8
Credited directly to equity	–	–	–	–	0.1	0.1
Balance as at 3 April 2017	**1.9**	**2.2**	**1.9**	**0.5**	**0.9**	**7.4**
(Charged)/credited to the income statement	**–**	**(0.2)**	**0.9**	**0.1**	**(0.1)**	**0.7**
Charged to other comprehensive income	**(0.7)**	**(1.0)**	**–**	**–**	**–**	**(1.7)**
Balance as at 2 April 2018	**1.2**	**1.0**	**2.8**	**0.6**	**0.8**	**6.4**

The deferred tax liability increased by £3.0 million (2017: decreased £1.9 million) in the period. Of this amount, £0.5 million (2017: £1.8 million) was credited to the income statement and £3.5 million (2017: credited £0.1 million) was charged to other comprehensive income.

The deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 19% for balances that will be realised or settled between 3 April 2018 and 1 April 2020 and 17% for the remainder.

The group has realised capital losses of £4.9 million (2017: £4.3 million), which are available indefinitely to offset against future capital gains. A deferred tax asset has not been recognised in respect of £1.6 million (2017: £1.6 million) of these losses because at present it is unclear whether suitable gains will arise in the foreseeable future to utilise them. The company has realised capital losses of £3.3 million (2017: £2.7 million). A deferred tax asset has been recognised in respect of these losses in both the current and the prior period. The group's tax losses can be carried forward for an unlimited period.

In addition, the group has unrealised capital losses of £10.0 million (2017: £13.4 million). No deferred tax asset has been recognised in respect of these losses (2017: £nil) because it is uncertain whether they will be utilised. The company has unrealised capital losses of £9.8 million (2017: £11.7 million); no deferred tax asset has been recognised in respect of these losses (2017: £nil).

25. RETIREMENT BENEFIT SCHEMES

The company operates one defined benefit pension scheme, namely the Young & Co.'s Brewery, P.L.C. Pension Scheme, a defined contribution pension scheme and a post retirement health care scheme. The defined benefit scheme is closed to new entrants.

The aggregate contribution to the defined contribution scheme was £0.8 million (2017: £0.7 million) which is recognised as an expense in the income statement.

Independent, professionally qualified actuarial advice is sought to determine the liabilities arising from the defined benefit scheme, using the projected unit credit method. The scheme is formally valued every three years. The obligations under the scheme consist mainly of a final salary scheme which provides members with benefits based on length of service and salary.

Through its defined benefit scheme and post retirement health care scheme, the group is exposed to a number of risks. For details of the principal risks and uncertainties, see page 8.

The employer contribution to the defined benefit scheme for the period ended 2 April 2018 was £1.3 million of which £1.2 million were special contributions (2017: £1.5 million of which £1.2 million were special contributions) plus premiums of £0.2 million (2017: £0.2 million) to the post retirement health care scheme. The current arrangement as regards contribution rates is described in the relevant Schedule of Contributions.

Future employee contribution rates are projected to be between 8% and 11% of pensionable earnings. Future employer contribution rates are projected to be 18% of pensionable earnings. The total contributions to the defined benefit scheme in the 2019 financial period are expected to be £1.5 million which includes a special contribution of £1.2 million. The total contributions to the post retirement health care scheme in the 2019 financial period are expected to be £0.2 million. During the year, the company provided security over two managed houses (broadly up to a total value of £10 million) with additional funding contributions continuing to be paid for the foreseeable future. The two managed houses had previously been subject to a floating charge in favour of the banks which provide the company with its loan facilities.

Financial assumptions

	Pension		Health care	
	2018 %	2017 %	**2018 %**	2017 %
Discount rate	**2.70**	2.70	**2.70**	2.70
Inflation	**3.30**	3.40	**3.30**	3.40
Rate of increase in salaries	**2.50**	2.50	**N/A**	N/A
Discretionary pension increases	**3.30**	3.40	**N/A**	N/A
Rate of revaluation of deferred pensions	**2.30**	2.40	**N/A**	N/A
General medical expenses inflation	**N/A**	N/A	**9.00**	9.00

Mortality assumptions

The life expectancies underlying the valuation are as follows:

	2018 Years	2017 Years
Current pensioners (at age 65) – males	**22.1**	22.8
Current pensioners (at age 65) – females	**24.0**	24.1
Future pensioners (at age 65) – males	**23.8**	23.9
Future pensioners (at age 65) – females	**25.8**	25.9

At the period end date, the average age of current pensioners was 73 years (2017: 72 years) and for future pensioners was 54 years (2017: 54 years). The weighted average duration of liabilities for the current period was 18.6 years (2017: 19.8 years).

A one percentage point change in the assumed rate of increase in health care costs would have the following effects:

	Increase £m	**Decrease £m**
Effect on the aggregate service cost and interest cost	–	–
Effect on the defined benefit obligation	0.4	(0.3)

The sensitivities regarding the principal assumptions used to measure the schemes' liabilities are set out below. The illustrations consider the single change shown with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by changes in another assumption. Changes in market values may also occur at the same time as the changes in assumptions and may or may not offset them.

Assumption	**Change in assumption**	**Impact on scheme liabilities**
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 9.0%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 8.0%
Rate of increase in salary	Increase/decrease by 0.5%	Increase/decrease by nil
Discretionary pension increases	Increase/decrease by 0.5%	Increase/decrease by 6.0%
Rate of revaluation of deferred pensions	Increase/decrease by 0.5%	Increase/decrease by 2.0%
Life expectations	Increase by 1 year	Increase by 4.0%

25. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Pension scheme and health care scheme assets and liabilities

	Group and company Assets and liabilities **2018 £m**	2017 £m
Equities	**36.2**	34.2
Diversified growth fund	**11.3**	10.8
Absolute return	**12.2**	12.1
Corporate bonds	**56.4**	56.2
Insured pensions	**9.6**	10.0
Other	**(0.8)**	0.2
Total fair value of assets	**124.9**	123.5
Present value of retirement benefit liabilities	**(131.0)**	(136.3)
Scheme deficit	**(6.1)**	(12.8)

The pension scheme assets includes some of the company's A shares with a fair value of £5.2 million (2017: £4.6 million). There are no property assets of the scheme occupied by the company.

Of the above assets, £116.1 million are quoted securities.

Movement in scheme deficits in the period

	Group and company					
	2018			2017		
	Pension scheme £m	**Health care scheme £m**	**Total £m**	Pension scheme £m	Health care scheme £m	Total £m
(a) Changes in the present value of the schemes are as follows:						
Opening deficit	**(8.8)**	**(4.0)**	**(12.8)**	(2.2)	(4.1)	(6.3)
Current service cost	**(0.3)**	**–**	**(0.3)**	(0.3)	–	(0.3)
Contributions	**1.3**	**0.2**	**1.5**	1.5	0.2	1.7
Other finance charges	**(0.2)**	**(0.1)**	**(0.3)**	(0.1)	(0.1)	(0.2)
Remeasurement through other comprehensive income	**5.6**	**0.2**	**5.8**	(7.7)	–	(7.7)
Closing deficit	**(2.4)**	**(3.7)**	**(6.1)**	(8.8)	(4.0)	(12.8)
(b) Recognised in the income statement						
Current service cost included in operating costs	**(0.3)**	**–**	**(0.3)**	(0.3)	–	(0.3)
Net interest expense	**(0.2)**	**(0.1)**	**(0.3)**	(0.1)	(0.1)	(0.2)
(c) Recognised in the statement of comprehensive income						
Experience gains arising on the scheme liabilities	**1.1**	**0.2**	**1.3**	1.8	–	1.8
Changes in demographic assumptions underlying the scheme liabilities	**0.9**	**–**	**0.9**	6.0	–	6.0
Changes in financial assumptions underlying the scheme liabilities	**2.0**	**–**	**2.0**	(25.9)	–	(25.9)
Remeasurement of obligations	**4.0**	**0.2**	**4.2**	(18.1)	–	(18.1)
Return on scheme assets (less amounts included in the net interest expense)	**1.6**	**–**	**1.6**	10.4	–	10.4
Net remeasurement recognised	**5.6**	**0.2**	**5.8**	(7.7)	–	(7.7)

	Group and company					
		2018		2017		
	Pension scheme £m	**Health care scheme £m**	**Total £m**	Pension scheme £m	Health care scheme £m	Total £m
(d) Movements in the present value of schemes obligations during the period						
Opening defined benefit obligations	**(132.3)**	**(4.0)**	**(136.3)**	(114.0)	(4.1)	(118.1)
Current service cost	**(0.3)**	**–**	**(0.3)**	(0.3)	–	(0.3)
Interest on obligations	**(3.5)**	**(0.1)**	**(3.6)**	(3.9)	(0.1)	(4.0)
Contributions by scheme members	**(0.1)**	**–**	**(0.1)**	(0.1)	–	(0.1)
Remeasurement of obligations	**4.0**	**0.2**	**4.2**	(18.1)	–	(18.1)
Benefits paid	**4.9**	**0.2**	**5.1**	4.1	0.2	4.3
Present value of scheme liabilities	**(127.3)**	**(3.7)**	**(131.0)**	(132.3)	(4.0)	(136.3)
(e) Change in fair value of scheme assets						
Opening fair value of scheme assets	**123.5**	**–**	**123.5**	111.8	–	111.8
Interest on scheme assets	**3.3**	**–**	**3.3**	3.8	–	3.8
Return on scheme assets (less amounts included in the net interest expense)	**1.6**	**–**	**1.6**	10.4	–	10.4
Contributions by employer	**1.3**	**0.2**	**1.5**	1.5	0.2	1.7
Contributions by scheme members	**0.1**	**–**	**0.1**	0.1	–	0.1
Benefits paid	**(4.9)**	**(0.2)**	**(5.1)**	(4.1)	(0.2)	(4.3)
Fair value of scheme assets	**124.9**	**–**	**124.9**	123.5	–	123.5

26. OTHER NON-CURRENT LIABILITIES

	Group and company		
	Provisions £m	Deferred income £m	Total £m
At 28 March 2016	1.0	–	1.0
Created	0.1	–	0.1
At 3 April 2017	**1.1**	**–**	**1.1**
Released on disposal of property	**(0.5)**	**–**	**(0.5)**
Created	**0.1**	**0.5**	**0.6**
At 2 April 2018	**0.7**	**0.5**	**1.2**

The provisions relate to four property leases where the expected operating income does not cover the rents payable. The rent payable commitments range from 2 to 46 years.

27. SHARE CAPITAL AND RESERVES

	2018 Shares	**2018 £000**	2017 Shares	2017 £000
Issued and fully paid shares – 12.5p each				
Opening balance	**48,809,518**	**6,102**	48,669,491	6,084
Issued under employee share schemes	**65,304**	**8**	140,027	18
Closing balance	**48,874,822**	**6,110**	48,809,518	6,102

Of the opening balance of 48,809,518 shares, 29,649,518 are A shares and 19,160,000 are non-voting shares (2017: 29,509,491 A shares, 19,160,000 non-voting shares). Of the closing balance of 48,874,822 shares, 29,714,822 are A shares and 19,160,000 are non-voting shares (2017: 29,649,518 A shares, 19,160,000 non-voting shares).

For details of the A shares issued in the current period, see note 8(b) (Directors' emoluments) and note 28 (Share awards).

The two classes of shares are equal in all respects except that the non-voting shares do not carry the right to receive notices of, or to attend, speak or vote at, general meetings.

Share premium account
The share premium account represents the excess of proceeds received over the nominal value of new shares issued.

Capital redemption reserve
The capital redemption reserve arose from the repurchase and subsequent cancellation of ordinary share capital. The balance represents the nominal amount of the share capital cancelled.

Hedging reserve
Hedging reserve adjustments arise from the movement in fair value of the group's derivative instruments used as an effective hedge.

Revaluation reserve
The revaluation reserve represents unrealised gains generated on the property estate from annual property valuations. It arises from the surplus of fair value over the original cost, net of any associated deferred taxation.

28. SHARE AWARDS

The group operates two types of share-based payment arrangements: an executive director/senior management employee deferred bonus scheme ("DBS") and a Save-As-You-Earn ("SAYE") scheme.

(a) DBS

This scheme is designed to incentivise the executive directors and certain other senior management employees to deliver long-term superior shareholder returns. For the directors, it is expected that half of any bonus will be settled in shares, with the other half being paid in cash except to the extent that the director elects to receive all or part of it in shares instead. The values of these parts of the bonus awards are subject to caps, the highest of which is equal to 125% of basic annual salary (which applies to the chief executive and the chief financial officer). For the senior management employees, there is no expectation that any bonus will be settled in shares, but the individual may elect to take up to half in this way. For every share taken in place of cash by a director or senior management employee, the individual is allowed to subscribe at nominal value for one 'matching' share. The company nevertheless retains the right to determine, at its sole and absolute discretion, the form in which any bonus is provided (i.e. by issue or transfer of shares and/or payment of cash); this is notwithstanding any election that a director or senior management employee may make. So, if the company decides to pay a bonus entirely in cash, no 'matching' shares are receivable. None of the individuals are generally free to sell any of the shares received before the end of a restricted period which ordinarily will end three years after the shares have been received or, if earlier, the date on which their employment terminates by reason of retirement, illness, disability or redundancy. The 'matching' shares are subject to satisfaction of a further condition relating to the extent to which the group's adjusted earnings per ordinary share in respect of the group's continuing operations for a particular performance period exceeds the same measure for an earlier financial period. In certain circumstances, the shares received, whether 'matching' or otherwise, have to be transferred to the company or to an employee benefit trust designated by the company at a pre-agreed price or, in the case of 'matching' shares, for no consideration. The number of shares to be received by an individual in order to fulfil his or her entitlement is based on the market price of the company's A shares as shown in the online version of the Financial Times published on the date on which the shares are allotted (in the case of shares to be issued) or on the date of transfer set out in the relevant transfer form (in the case of shares to be transferred).

The following table summarises the outstanding entitlements to A shares under the DBS as at 3 April 2017 and 2 April 2018 of the directors and senior management employees who served during the period ended 2 April 2018. All these shares are registered in the relevant individual's name and, save as explained above, are fully vested. The weighted fair value of the A shares awarded during the period was 1,342 pence (2017: 1,201 pence). During the year, the 'matching' shares were issued on the same date as the 'non-matching' shares which had a market value of 1,332 pence per share.

	Date of award	Matching shares (Y/N)	At 3 April 2017	Awarded during the period	Restrictions ceased to apply during the period	**At 2 April 2018**	Market price (pence per share)
Stephen Goodyear	September 2014	N	32,478	–	(32,478)	**–**	960.0
	September 2014	Y	16,239	–	(16,239)	**–**	12.5
	June 2015	N	22,446	–	–	**22,446**	1,280.0
	June 2015	Y	11,223	–	–	**11,223**	12.5
	June 2016	N	22,199	–	–	**22,199**	1,205.0
	June 2016	Y	11,099	–	–	**11,099**	12.5
Patrick Dardis	September 2014	N	21,744	–	(21,744)	**–**	960.0
	September 2014	Y	10,872	–	(10,872)	**–**	12.5
	June 2015	N	7,522	–	–	**7,522**	1,280.0
	June 2016	N	15,495	–	–	**15,495**	1,205.0
	June 2016	Y	7,747	–	–	**7,747**	12.5
	June 2017	N	–	17,671	–	**17,671**	1,332.0
	June 2017	Y	–	8,835	–	**8,835**	12.5
Steven Robinson	September 2014	N	2,682	–	(2,682)	**–**	960.0
	September 2014	Y	2,682	–	(2,682)	**–**	12.5
	June 2015	N	2,343	–	–	**2,343**	1,280.0
	June 2015	Y	2,343	–	–	**2,343**	12.5
	June 2016	N	2,551	–	–	**2,551**	1,205.0
	June 2016	Y	2,551	–	–	**2,551**	12.5
	June 2017	N	–	7,252	–	**7,252**	1,332.0
	June 2017	Y	–	3,626	–	**3,626**	12.5
Torquil Sligo-Young	September 2014	N	12,599	–	(12,599)	**–**	960.0
	September 2014	Y	6,299	–	(6,299)	**–**	12.5
	June 2015	N	8,977	–	–	**8,977**	1,280.0
	June 2015	Y	4,488	–	–	**4,488**	12.5
	June 2016	N	10,428	–	–	**10,428**	1,205.0
	June 2016	Y	5,214	–	–	**5,214**	12.5
	June 2017	N	–	7,045	–	**7,045**	1,332.0
	June 2017	Y	–	3,522	–	**3,522**	12.5

	Date of award	Matching shares (Y/N)	At 3 April 2017	Awarded during the period	Restrictions ceased to apply during the period	**At 2 April 2018**	Market price (pence per share)
Tracy Read	June 2017	N	–	2,579	–	**2,579**	1,332.0
Senior management employees	September 2014	N	6,501	–	(6,501)	**–**	960.0
	September 2014	Y	6,501	–	(6,501)	**–**	12.5
	June 2015	N	7,712	–	–	**7,712**	1,280.0
	June 2015	Y	7,712	–	–	**7,712**	12.5
	June 2016	N	8,449	–	–	**8,449**	1,205.0
	June 2016	Y	8,449	–	–	**8,449**	12.5
	June 2017	N	–	6,936	–	**6,936**	1,332.0
	June 2017	Y	–	6,936	–	**6,936**	12.5

* For 'matching' shares, the price shown is the nominal value.

The performance periods for the awards dated June 2015, June 2016 and June 2017 are the group's four-year financial periods ending on or around 31 March 2018, March 2019 and March 2020 respectively.

The group's adjusted earnings per share performance conditions set a range for the adjusted earnings per share for the relevant period; they are not disclosed due to commercial sensitivity. It is anticipated that the maximum target for the adjusted earnings per share performance conditions will be met as to 100% for the awards dated June 2015, as to 90% for the awards dated June 2016 and as to 70% for the awards dated June 2017.

A charge of £0.5 million (2017: £0.3 million) was made to the group and company income statements in respect of the outstanding 103,473 'matching' shares at 2 April 2018 (2017: 134,019).

(b) SAYE

The scheme enables eligible directors and employees to acquire options over A shares of the company. The options are issued at a discount of up to 20% of the market price of an A share at the time invitations to join the scheme for the relevant year are issued, with the proceeds of a related SAYE savings contract then being used to acquire shares at a later date if the option holders choose to do so. All employees who have worked for the minimum qualifying period on an invitation date are eligible to join the scheme. Options granted under the scheme are not subject to performance conditions other than continued employment. These options are all equity-settled.

In the current period, options over 73,312 A shares (2017: 46,732 A shares) were granted under the scheme at an exercise price of 1,066p per share (2017: 964p per share). Subject to the participants remaining in the group's employment and making 36 consecutive monthly contributions, these options will be exercisable between 1 September 2020 and 28 February 2021.

Options over 106,220 A shares were outstanding at the beginning of the period. During the period, a total of 15,135 options lapsed, 28,081 options were exercised at 840p per share, 1,974 options were exercised at 1,013p per share and 246 options were exercised at 964p per share. The weighted average share price of shares exercised in the period was 1,359 pence per share. The options that were exercised, to the extent they were satisfied through the issue of new shares, resulted in an increase in share capital of £112.75 and an increase in share premium of £7,502.49. A charge of £0.1 million (2017: £0.1 million), valued using the Black-Scholes option pricing model, was made to the group and company income statements in respect of these options in the period. As at 2 April 2018, options over 134,096 A shares remain outstanding.

Valuation assumptions

Assumptions used in the Black-Scholes model to determine the fair value of share options at grant date for the period ending 2 April 2018 and 3 April 2017 were as follows:

	Group and company			
	2017 plan	2016 plan	2015 plan	2014 plan
Share price at grant date (pence)	1,332.0	1,205.0	1,265.5	1,050.0
Exercise price (pence)	1,066.0	964.0	1,013.0	840.0
Expected volatility (%)	8.5	18.0	17.3	13.6
Option life (years)	3	3	3	3
Expected dividends (expressed as dividend yield %)	1.5	1.5	1.5	1.6
Risk-free interest rate (%)	2.4	0.9	1.0	0.8
Probability of forfeiture (%)	29.2	26.1	34.7	25.9

Volatility is based on the standard deviation of an A share of Young & Co.'s Brewery, P.L.C. over the three years prior to the grant date, adjusted for management's view of future volatility of share price. The assumed volatility may not necessarily be the actual outcome.

29. RELATED PARTY TRANSACTIONS

Directors

Directors' emoluments and retirement benefits are disclosed in notes 8(b) and (c). Directors' interests in the company's share capital are disclosed or referred to on page 20 and in notes 8(e) and 28. No other transactions requiring disclosure have been entered into with the directors.

Pension scheme and other trust

The Young & Co.'s Brewery, P.L.C. Pension Scheme (the "Scheme") provides pensions and other benefits to employees of the group and certain other individuals. It is managed by a corporate trustee, Young's Pension Trustees Limited ("YPTL"). Torquil Sligo-Young, a director of the company, and two other individuals, neither of whom is a director of the company, are the directors of YPTL. As at 2 April 2018, the Scheme held 337,067 A shares (2017: 337,067), being 1.13% of the class. During the period, the company granted a charge over two of its pubs as security for its obligation to make payments to the Scheme. The company felt that it was appropriate to agree to this so as to demonstrate its commitment to the Scheme and to provide YPTL, as trustee, with greater comfort as to the security of the Scheme. The charge was based on a standard form document issued by the Pension Protection Fund.

The Ram Brewery Trust II holds assets for the benefit of employees and former employees. It is managed by a corporate trustee, RBT II Trustees Limited ("RBT II"). Two individuals, neither of whom is a director of the company, are the directors of RBT II. As at 2 April 2018, the trust held 7,345 A shares (2017: 66,991), being 0.02% of the class. During the year, a number of A shares were transferred out in connection with the company's profit sharing scheme (31,104 A shares (2017: 493,820) – see note 8(d)) and the company's savings-related share option scheme (28,542 A shares (2017: nil) – see note 8(e)).

Key management

The group considers key management personnel to be solely the directors of the company as they are the only people with authority and responsibility for planning, directing and controlling the activities of the group. The compensation provided to the directors is detailed in note 8; in addition, the group made employers' national insurance contributions of £0.4 million (2017: £0.4 million) and incurred a share based payment charge of £0.3 million (2017: £0.4 million).

30. NET CASH GENERATED FROM OPERATIONS AND ANALYSIS OF NET DEBT

	Group		Company	
	2018 52 weeks £m	2017 53 weeks £m	**2018 52 weeks £m**	2017 53 weeks £m
Profit before tax on continuing operations	**37.6**	37.0	**29.3**	29.9
Net finance cost	**5.6**	5.5	**6.6**	5.1
Other finance charges	**0.3**	0.2	**0.3**	0.2
Operating profit on continuing operations	**43.5**	42.7	**36.2**	35.2
Depreciation	**21.1**	19.8	**20.4**	17.0
Amortisation of lease premiums	**0.7**	0.6	**0.3**	0.2
Goodwill impairment	**0.2**	0.7	**0.2**	–
Movement on revaluation of properties	**(0.3)**	0.5	**(0.3)**	0.4
Net profit on sales of property	**(0.3)**	–	**(0.3)**	(0.1)
Loss on disposal	**0.5**	–	**0.5**	–
Difference between pension service cost and cash contributions paid	**(1.2)**	(1.4)	**(1.2)**	(1.4)
Movement in other provisions	**0.1**	0.1	**0.1**	0.1
Share based payments	**0.6**	0.4	**0.6**	0.4
Movements in working capital				
- Inventories	**(0.2)**	(0.3)	**(0.9)**	(0.3)
- Receivables	**0.4**	(0.8)	**7.6**	6.1
- Payables	**(3.7)**	1.2	**(9.4)**	1.6
Net cash generated from operations	**61.4**	63.5	**53.8**	59.2

Analysis of net debt

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Cash	**7.2**	6.6	**7.2**	5.3
Current borrowings – current borrowings and loan capital	**(10.0)**	(28.5)	**(10.0)**	(28.5)
Non-current borrowings – loan capital and finance lease	**(137.7)**	(104.7)	**(137.7)**	(104.7)
Net debt	**(140.5)**	(126.6)	**(140.5)**	(127.9)

31. OBLIGATIONS UNDER LEASES

(a) Obligations under finance leases

Finance leases for property are for terms ranging from 50 to 999 years. Minimum lease payments for most leases are nominal amounts. Leases do not have a purchase option but most are renewable at the lessee's option at the end of the lease term.

Future minimum lease payments under finance leases are as follows:

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Future minimum lease payments due:				
- Not later than one year	**–**	–	**–**	–
- Later than one year and not later than five years	**0.2**	0.2	**0.2**	0.2
- Later than five years	**2.5**	2.5	**2.5**	2.5
	2.7	2.7	**2.7**	2.7
Less: finance charges allocated to future years	**(2.1)**	(2.1)	**(2.1)**	(2.1)
	0.6	0.6	**0.6**	0.6
The present value of minimum lease payments is analysed as follows:				
- Not later than one year	**–**	–	**–**	–
- Later than one year and not later than five years	**–**	–	**–**	–
- Later than five years	**0.6**	0.6	**0.6**	0.6
	0.6	0.6	**0.6**	0.6

Future minimum rentals receivable from non-cancellable subleases on the above properties as at 2 April 2018 were £0.4 million (2017: £0.1 million).

(b) Operating lease agreements where the group is lessee

Operating leases for properties are for terms ranging from one to 46 years. Minimum lease payments are typically reviewed every five years and are based on a percentage of turnover or a negotiated rate per square foot. Most property leases are renewable at the lessee's option at the end of the lease term. Equipment is leased over terms of not more than four years.

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Future minimum rentals payable under non-cancellable operating leases are as follows:				
- Not later than one year	**7.2**	6.4	**6.2**	3.5
- Later than one year and not later than five years	**25.7**	22.5	**22.5**	11.5
- Later than five years	**60.3**	38.0	**55.7**	20.4
	93.2	66.9	**84.4**	35.4

Future minimum rentals receivable from non-cancellable subleases on the above properties as at 2 April 2018 were £0.8 million (2017: £0.7 million).

(c) Operating lease agreements where the group is lessor

The group leases licensed properties to third party tenants. These non-cancellable leases are over terms varying from one to 17 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:				
- Not later than one year	**3.7**	3.5	**3.7**	3.4
- Later than one year and not later than five years	**5.4**	6.1	**5.4**	6.0
- Later than five years	**4.0**	6.2	**4.0**	6.2
	13.1	15.8	**13.1**	15.6

32. Post balance sheet events

There were no post balance sheet events apart from the acquisition of the Naturalist (Woodberry Down).

33. Contingent liabilities

There were no contingent liabilities at the current or prior period balance sheet date.

FIVE YEAR REVIEW

	2018 52 weeks £m	2017 53 weeks £m	2016 52 weeks £m	2015 52 weeks £m	2014 52 weeks £m
Revenue	**279.3**	268.9	245.9	227.0	210.8
Operating profit before exceptional items	**46.9**	46.1	41.2	37.6	33.2
Operating exceptional items	**(3.4)**	(3.4)	(2.8)	3.4	(0.5)
Net finance costs and other finance charges	**(5.9)**	(5.7)	(5.6)	(5.4)	(6.0)
Profit before tax	**37.6**	37.0	32.8	35.6	26.7
Taxation charge	**(7.5)**	(7.0)	(6.2)	(9.4)	(4.9)
Profit for the period from continuing operations	**30.1**	30.0	26.6	26.2	21.8
Adjusted profit before tax	**41.0**	40.4	35.6	32.2	27.2
Net assets employed					
Non-current assets	**782.6**	724.0	684.8	642.3	582.1
Current assets and assets held for sale	**18.0**	18.5	22.7	9.0	11.3
Current liabilities	**(47.1)**	(71.4)	(41.8)	(38.2)	(32.4)
Non-current liabilities	**(204.3)**	(178.1)	(213.2)	(205.5)	(180.1)
	549.2	493.0	452.5	407.6	380.9
Financed by					
Share capital	**6.1**	6.1	6.1	6.1	6.0
Reserves	**543.1**	486.9	446.4	401.5	374.9
	549.2	493.0	452.5	407.6	380.9
Purchase of fixed assets, lease premiums and business combinations	**53.0**	38.3	45.1	50.9	33.6
Net debt	**(140.5)**	(126.6)	(130.2)	(129.0)	(112.0)
	Pence	Pence	Pence	Pence	Pence
Per 12.5p ordinary share					
Adjusted basic earnings from continuing operations	**67.74**	66.43	58.44	51.04	42.70
Basic earnings from continuing operations	**61.60**	61.51	54.73	54.14	45.19
Dividends – paid in period	**19.03**	17.95	16.94	15.97	15.06
Gearing	**25.6%**	25.7%	28.8%	31.6%	29.4%
Average number of employees	**4,116**	3,924	3,735	3,496	3,357

NOTICE OF MEETING

If you hold any A shares, this notice is important and requires your immediate attention. If you are in any doubt as to any aspect of the proposals referred to in this notice or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser. If you have sold or otherwise transferred all of your shares, please pass this copy of the annual report, and any proxy form and business reply envelope that came with it, to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass it or them to the person who now holds the shares.

If you hold any A shares, you should have received a proxy form for use at the meeting. Guidance notes on how to complete it, and on other matters, are given on the form itself and in the notes to this notice. Whether or not you propose to attend the meeting, please complete and submit the proxy form; it must be received by Computershare Investor Services PLC by 11.30am on Sunday, 8 July 2018. Appointing a proxy does not stop you from attending the meeting and voting. An attendance card is attached to the proxy form; please bring this with you to the meeting.

If you do not hold any A shares, this notice is for information purposes only.

Notice is hereby given that the 129th annual general meeting of Young & Co.'s Brewery, P.L.C. (the "Company") will be held in the Civic Suite in Wandsworth Town Hall, Wandsworth High Street, Wandsworth, London SW18 2PU on Tuesday, 10 July 2018 at 11.30am for the following purposes:

Ordinary resolutions

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the Company's annual accounts for the financial year ended 2 April 2018, together with the strategic report, directors' report and the auditor's report on those accounts and reports.
2. To declare a final dividend of 10.20p per share for the financial year ended 2 April 2018.
3. That Ernst & Young LLP be, and is hereby, re-appointed as the Company's auditor to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which the Company's annual accounts and reports are laid in accordance with section 437 of the Companies Act 2006.
4. That the directors be, and are hereby, authorised to set the remuneration of the Company's auditor.
5. That Torquil Sligo-Young be, and is hereby, re-appointed as a director.
6. That Roger Lambert be, and is hereby, re-appointed as a director.
7. That Trish Corzine be, and is hereby, re-appointed as a director.
8. That Ian McHoul be, and is hereby, re-appointed as a director.
9. That the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect be, and are hereby, authorised to:
   (a) make political donations to political parties, not exceeding £50,000 in total;
   (b) make political donations to political organisations other than political parties, not exceeding £50,000 in total; and
   (c) incur political expenditure, not exceeding £50,000 in total;
   in each case at any time during the period starting with the date this resolution is passed and ending at the end of next year's annual general meeting (or, if earlier, at the close of business on 30 September 2019) but the aggregate amount of political donations and political expenditure that may be made and incurred by the Company and its subsidiaries pursuant to this authority must not exceed £50,000.

   Note: for the purposes of this resolution, "political donation" has the meaning given in section 364 of the Companies Act 2006, "political expenditure" has the meaning given in section 365 of the Companies Act 2006 and reference to a "political party" or to a "political organisation" is to a party or to an organisation to which Part 14 of the Companies Act 2006 applies.
10. That the directors be, and are hereby, authorised to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
    (a) up to a nominal amount of £2,034,450 (such amount to be reduced by the nominal amount allotted or granted under paragraph (b) below in excess of such sum); and
    (b) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £4,068,900 (such amount to be reduced by the nominal amount allotted or granted under paragraph (a) above) in connection with an offer by way of a rights issue:
    (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,
    and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,
    such authorities to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 30 September 2019) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for, or to convert securities into, shares to be granted after the authority ends and the directors may allot shares or grant rights to subscribe for, or to convert securities into, shares under any such offer or agreement as if the authority had not ended.

Special resolutions

To consider and, if thought fit, to pass the following resolutions which will be proposed as special resolutions:

11. That if resolution 10 is passed, the directors be, and are hereby, given power to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash under the authorities given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:
    (a) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 10, by way of a rights issue only):
        (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
        (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,
    and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
    (b) in the case of the authority granted under paragraph (a) of resolution 10 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (a) above) of equity securities or sale of treasury shares up to a nominal amount of £305,472,

    such power to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 30 September 2019) but during this period the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

12. That the Company be, and is hereby, authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 12.5p each ("Ordinary Shares"), such authority to be limited:
    (a) to a maximum number of 4,887,567 Ordinary Shares (which may be all A shares, all non-voting shares or a mix); and
    (b) by the condition that, in each case exclusive of expenses, the minimum price that may be paid for an Ordinary Share is the nominal amount of that share and the maximum price that may be paid for an Ordinary Share is an amount equal to 5% above the average of the middle market quotations for that share as derived from the AIM appendix to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that share is contracted to be purchased,

    such authority to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 30 September 2019) but during this period the Company may enter into a contract to purchase Ordinary Shares which would, or might, be executed wholly or partly after the authority ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the authority had not ended.

By order of the board

ANTHONY SCHROEDER
Company Secretary
23 May 2018

Young & Co.'s Brewery, P.L.C.
Registered office:
Riverside House,
26 Osiers Road,
Wandsworth,
London SW18 1NH
Registered in England and Wales No. 32762

Notes

Entitlement to attend, speak and vote at the meeting

To be entitled to attend, speak and vote at the meeting (and for the purpose of determining the number of votes you may cast), your name must be entered in that part of the register of members relating to holders of A shares at 7am on Monday, 9 July 2018 (or, in the event of any adjournment, at 7am on the day before the day of the adjourned meeting).

What you need to bring

If you come to the meeting, please bring with you the attendance card attached to the proxy form.

Appointment of proxies

If you hold any A shares, you may appoint a proxy to exercise all or any of your rights to attend and to speak and vote on your behalf at the meeting. You can do this by completing the proxy form which came with this document. If you did not receive a proxy form and believe that you should have one, or if you require additional forms, please contact the Company or its registrars. To be valid, your proxy form must be received by the Company's registrars no later than 11.30am on Sunday, 8 July 2018.

Who to appoint as a proxy

A proxy does not have to be a member of the Company but must attend the meeting for your vote to be counted and to otherwise represent you. Your proxy could be the chairman of the meeting, a director of the Company or someone you know personally who has agreed to attend and represent you. If you appoint a proxy, you may still attend the meeting.

Multiple proxies

You may appoint more than one proxy in relation to the meeting provided each proxy is appointed to exercise the rights attached to a different A share or different A shares held by you. A space has been included in the proxy form to allow you to specify the number of A shares in respect of which that proxy is appointed. If you return the proxy form duly executed but leave this space blank, you will be deemed to have appointed the proxy in respect of all of your holding of A shares. If you wish to appoint more than one proxy in respect of your A shares, you should contact the Company or its registrars for further proxy forms or photocopy the form as required; you should also read the notes on the proxy form relating to the appointment of multiple proxies.

The following principles apply in relation to the appointment of multiple proxies:

(a) The Company will give effect to your intentions and include votes wherever and to the fullest extent possible.

(b) Where a proxy does not state the number of A shares to which it applies (a "blank proxy") then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of A shares registered in your name ("your entire holding"). If there is a conflict between a blank proxy and a proxy which does state the number of A shares to which it applies (a "specific proxy"), the specific proxy will be counted first, regardless of the time it was sent or received (on the basis that as far as possible the conflicting forms of proxy should be judged to be in respect of different A shares) and remaining A shares will be apportioned to the blank proxy (pro rata if there is more than one).

(c) Where there is more than one proxy appointed and the total number of A shares in respect of which proxies are appointed is no greater than your entire holding, it is assumed that proxies are appointed in relation to different A shares, rather than that conflicting appointments have been made in relation to the same A shares; that is, there is only assumed to be a conflict where the aggregate number of A shares in respect of which proxies have been appointed exceeds your entire holding.

(d) When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last sent (or, if the Company is unable to determine which is last sent, last received). Proxies in the same envelope will be treated as sent and received at the same time to minimise the number of conflicting proxies.

(e) If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) your entire holding, none of them will be treated as valid.

(f) Where the aggregate number of A shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the Company's registrars or the Company will take steps to try to clarify the situation with you should time permit. If this is not possible, none of your proxies will be treated as valid.

(g) If you appoint a proxy or proxies and then decide to attend the meeting in person and vote in person, then the vote in person will override any proxy vote. If the vote in person is on a poll and is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote at the meeting on a poll in respect of less than your entire holding, then if you indicate on your poll card that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding.

(h) In relation to paragraph (g), if you do not specifically revoke proxies, it will not be possible for the Company to determine your intentions in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.

Changing proxy instructions

To change your proxy instructions, you need to submit a new proxy appointment – further copies can be obtained from the Company or its registrars. However, in doing so, you should be aware of the principles that apply to multiple proxies – see the note headed Multiple proxies. If you are in any doubt as to what to do where you wish to change your proxy instruction, please contact the Company's registrars or your stockbroker, solicitor, accountant or other professional adviser.

Termination of proxy appointments

If you wish to revoke your proxy instruction, you must send to the Company's registrars a signed hard copy notice clearly stating your intention to revoke your proxy appointment. If you are a corporation, the revocation notice must be executed under your common seal or signed on your behalf by an officer of you or an attorney for you. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars before the start of the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject as follows, your proxy appointment will remain valid. Appointing a proxy does not stop you from attending the meeting and voting. If you appoint a proxy and attend the meeting, your proxy appointment will automatically be terminated.

Multiple corporate representatives

If you are a corporation, you may appoint one or more corporate representatives who may exercise on your behalf all your powers as a member provided they do not do so in relation to the same A shares.

Name and address of the Company's registrars

The Company's registrars are Computershare Investor Services PLC. They can be contacted at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ. Their telephone number is 0370 707 1420.

Display documents

The following will be available for inspection at the Company's registered office during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this notice until 10am on the day of the meeting:

- copies of the executive directors' service contracts; and
- copies of the letters of appointment of the non-executive directors.

After 10am on the day of the meeting, these documents will be available for inspection in the Civic Suite in Wandsworth Town Hall, Wandsworth High Street, Wandsworth, London SW18 2PU until the end of the meeting.

Communication

Any address or number used for the purpose of sending or receiving documents or information by electronic means that is referred to in the Company's 2018 annual report or any proxy form for the Company's 129th annual general meeting may not be used to communicate with the Company for any purpose other than any expressly stated.

EXPLANATORY NOTES TO THE NOTICE OF MEETING

Notice of the 129th annual general meeting of Young & Co.'s Brewery, P.L.C. (the "Company") to be held on Tuesday, 10 July 2018 is set out on pages 77 to 80. The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole; accordingly, the Company's board of directors will be voting in favour of them and unanimously recommends that all A shareholders do so as well.

Resolutions 1 to 10 are ordinary resolutions; this means that for each of those resolutions to be passed, more than half of the votes cast must be in favour.

Resolution 1: annual accounts and reports
The directors have to lay copies of the Company's annual accounts, the strategic report, directors' report and the auditor's report on those accounts and reports before you at a general meeting; this is a legal requirement.

Resolution 2: final dividend
An interim dividend of 9.41p per share was paid in December 2017. The directors are recommending a final dividend of 10.20p per share for the year ended 2 April 2018, bringing the total dividend for the year to 19.61p per share. Subject to approval being given, the final dividend is expected to be paid on 12 July 2018 to shareholders on the register at the close of business on 8 June 2018.

Resolution 3: re-appointment of auditor
An auditor is required to be appointed for each financial year of the Company. Ernst & Young LLP, the Company's current auditor, has agreed to serve for the current financial year and its re-appointment is therefore being proposed.

Resolution 4: auditor's remuneration
In accordance with normal practice, the directors are asking for your authority to set the auditor's remuneration.

Resolutions 5-8: re-appointments of directors
Each of Torquil Sligo-Young, Roger Lambert and Trish Corzine will be retiring automatically from the office of director at the meeting; this is because they held that position at the last two annual general meetings and did not retire at either of them. Ian McHoul will also be retiring automatically from the office of director at the meeting; this is because he was appointed by the board since the last annual general meeting. All of these individuals are seeking re-appointment and their brief biographical and other details are on pages 18 and 19.

Resolution 9: political donations etc.
This resolution seeks renewal of the existing authority for the Company and its subsidiaries to make or incur certain political donations and political expenditure. Although there is no intention to make or incur such donations or expenditure, the legislation is very broadly drafted and may catch activities such as funding seminars and other functions to which politicians are invited and supporting certain bodies involved in policy review and law reform. The authority given by this resolution will be capped at £50,000 in total.

Resolution 10: general authority to allot
This resolution effectively seeks renewal of the directors' existing authority to allot shares and grant rights. Paragraph (a) of this resolution would give the directors the authority to allot shares or grant rights to subscribe for, or to convert any securities into, shares up to an aggregate nominal amount equal to £2,034,450 – this amount represents approximately one-third of the Company's issued share capital as at 20 May 2018 (but would be reduced by the nominal amount of any shares allotted or rights granted under paragraph (b) of this resolution in excess of £2,034,450). In line with guidance issued by the Investment Association, paragraph (b) of this resolution would give the directors authority to allot shares or grant rights to subscribe for, or to convert any securities into, shares in connection with a rights issue in favour of shareholders up to an aggregate nominal amount equal to £4,068,900, as reduced by the nominal amount of any shares allotted or rights granted under paragraph (a) of this resolution – this amount (before any reduction) represents approximately two-thirds of the Company's issued share capital as at 20 May 2018. Therefore the maximum nominal amount of shares and rights that may be allotted or granted under this resolution is £4,068,900. The authorities sought under paragraphs (a) and (b) of this resolution will expire at the end of next year's annual general meeting (or, if earlier, the close of business on 30 September 2019). The directors have no present intention of exercising either of the authorities sought under this resolution other than in respect of any one or more of the Company's share schemes. As at the date of the notice, no shares are held by the Company in treasury.

Resolutions 11 and 12 are special resolutions; this means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour.

Resolution 11: general power to disapply
This resolution effectively seeks renewal of the directors' existing power to allot shares (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings. This authority would, similar to previous years, be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the directors otherwise consider necessary, or otherwise up to an aggregate nominal amount of £305,472. This aggregate nominal amount represents approximately 5% of the Company's issued share capital as at 20 May 2018. The power sought under this resolution will expire at the end of next year's annual general meeting (or, if earlier, the close of business on 30 September 2019).

Resolution 12: authority to undertake market purchases of own shares
This resolution effectively seeks renewal of the Company's existing authority to make market purchases of not more than 4,887,567 of its shares, being no more than 10% of its issued share capital as at 20 May 2018. The authority sought under this resolution will expire at the end of next year's annual general meeting (or, if earlier, the close of business on 30 September 2019). The directors have no present intention of exercising the authority to make market purchases, however the authority provides the flexibility to allow them to do so in the future. The directors will exercise this authority only when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to be earnings enhancing. Any shares purchased pursuant to this authority will be held in treasury or be cancelled. The minimum price, exclusive of expenses, that may be paid for a share is its nominal value. The maximum price, exclusive of expenses, that may be paid for a share is an amount equal to 105% of the average of the middle market quotations for that share for the five business days immediately preceding the date of the purchase. As at 1 May 2018, there were options outstanding over 133,084 A shares, representing 0.27% of the Company's issued share capital at that date. If the Company were to purchase (and cancel) its own shares to the fullest possible extent of its existing authority and of the authority sought pursuant to this resolution, these would then represent 0.34% of the Company's issued share capital. No warrants to subscribe for shares are outstanding.

PUBS AND HOTELS

London and the surrounding areas

Stow on the Wold
Bell at Stow **H**

Chipping Norton
Blue Boar

Oxford
Angel & Greyhound
King's Arms

Radlett
Red Lion Hotel **H**

Hendon
Beaufort
Greyhound **T**

Kilburn
Queen's Arms **T**

Harlesden
Grand Junction Arms **T**

Maida Vale
Prince Alfred

Greenford
Bridge Hotel **H**

Ealing
Grange
New Inn **T**

Shepherd's Bush
Bull (Westfield) **G**
Eagle **G**
Defector's Weld

Hammersmith
Brook Green Hotel **H**
Thatched House **T**
Hammersmith Ram
Old Ship

Notting Hill
Duke of Wellington
Elgin **G**

Paddington
Porchester

Bayswater
Mitre

Kensington
Britannia
Curtains Up **G**
Duke of Clarence **G**

Chelsea
Builder's Arms **G**
Chelsea Ram **G**
Cooper's Arms
Hollywood Arms
King's Arms **G**
Phoenix **G**
Surprise **G**

Isleworth
Castle **T**
Coach & Horses

Twickenham
Alexander Pope **H**

Teddington
Abercorn Arms **T**
Park **H**

Kew
Coach & Horses **H**

Richmond
Lass O'Richmond Hill
Marlborough
Old Ship
Orange Tree **H**
Red Cow **T**
Shaftesbury
Waterman's Arms **T**
White Cross

Mortlake
Jolly Gardeners **T**

East Sheen
Hare & Hounds

Barnes
Bull's Head **G**
Coach & Horses
White Hart

Fulham
Cock Tavern
Duke on the Green
Waterside

Battersea
Duke of Cambridge
Nine Elms Tavern
Northcote **G**
Plough
Prince Albert **G**

Staines
Bells **T**

Kingston
Albert
Bishop
Grey Horse **T**
Spring Grove

Roehampton
Angel **T**
King's Head

Wimbledon
Alexandra
Bayee Village **T**
Crooked Billet
Dog & Fox **H**
Fire Stables
Hand in Hand
Rose & Crown **H**

Putney
Boathouse
Coat and Badge **G**
Duke's Head
Green Man
Half Moon **G**
Spotted Horse

Wandsworth
Alma **H**
Crane **T**
Brewers Inn **H**
County Arms
East Hill **G**
Gardeners' **T**
King's Arms **G**
Grapes **T**
Old Sergeant **T**
Pig & Whistle **T**
Queen Adelaide
Ship
Spread Eagle **T**
Waterfront

Clapham
Clapham North **T**
Windmill **H**

Balham
Devonshire
Grove
Nightingale

Tooting
Castle
Trafalgar Arms **G**

Mitcham
King's Arms **T**

Carshalton
Greyhound **H**

Walton-on-Thames
Royal George **T**
Swan

Surbiton
Black Lion **T**
Victoria
Waggon & Horses **T**

Chertsey
Crown Hotel **H**
Bridge **H**

Esher
Bear Inn **H**

Weybridge
Hand & Spear **H**

Claygate
Foley **H**

Bracknell
Bull

Oxshott
Bear

Epsom
Rising Sun **T**

Walton-on-the-Hill
Chequers

Earlsfield
Halfway House
Leather Bottle

Sutton
Lord Nelson **T**
Robin Hood **T**

Southern England

Sherston
Rattlebone **T**

Littleton-on-Severn
White Hart

Bristol
Bristol Ram **T**
Highbury Vaults
Horts
Rope Walk **T**
Riverstation

Burnham-on-Sea
Dunstan House Inn **H**

Congresbury
Old Inn **T**

Wrington
Plough Inn **T**

Somerton
Unicorn **T**

Keynsham
Lock Keeper

Hanham
Chequers Inn

Castle Cary
Horse Pond **T**

Exeter
City Gate **H**
Double Locks

Sidmouth
Swan **T**

Exmouth
Grove

Barnet
Lord Nelson **T**

Hampstead
Flask
Roebuck

Primrose Hill
Queens

Marylebone
Lord Wargrave **T**

Westminster
Buckingham Arms
Clarence **G**
Morpeth Arms
Phoenix **G**
Royal Oak **T**

Pimlico
Fox & Hounds **T**
Rising Sun **T**

Winchmore Hill
Kings Head **G**

Tufnell Park
Lord Palmerston

Kentish Town
Bull & Gate
Lion & Unicorn **G**

Camden
Spread Eagle

Euston
Square Tavern **T**

Fitzrovia
Adam & Eve **G**
One Tun

Mayfair
Guinea
Windmill

Islington
Canonbury
Castle **G**
Duchess of Kent **G**
John Salt
King's Head
Marquess Tavern **T**
Narrowboat

King's Cross & St Pancras Station
Betjeman Arms **G**
Fellow **G**

Bloomsbury
Calthorpe Arms **T**
Lamb

Covent Garden
Marquess of Anglesey

Shoreditch
Owl & Pussycat **G**

City of London
Albion
Boisdales **T**
Candlemaker
Dirty Dick's
Finch's
Grocer **G**
Fox & Anchor **H**
Lamb Tavern
Oyster Shed **G**
Paternoster
Smiths
Three Lords **T**
White Horse **G**

Cambridge
Station Tavern

Chelmsford
O'Connor's **T**
Riverside Inn **T**

Clapton
Princess of Wales **G**

Stratford
Cow (Westfield) **G**

Bethnal Green
Royal Oak **T**

Bow
Coborn
Crown **G**

Stepney
Queen's Head **T**

Aldgate
Leman Street Tavern **G**

Vauxhall
Fentiman Arms **G**
Riverside

Kennington
White Bear

Camberwell
Grove House **T**

Southwark
Founder's Arms
Mulberry Bush
Prince William Henry **T**

Borough Market
Bunch of Grapes
Wheatsheaf

Bermondsey
Woolpack

Dartford
Malt Shovel **T**

Greenwich
Cutty Sark
Old Brewery
Richard the First

Woolwich
Dial Arch
Guardhouse **G**

Stockwell
Surprise **T**

Brixton
Trinity Arms
Hope & Anchor

Streatham
Bull

Wallington
Duke's Head **H**

Thornton Heath
Railway Telegraph **T**

Croydon
Dog & Bull **T**

Beddington
Plough

Peckham Rye
Clock House

Dulwich
Wood House

Norwood
Hope **T**
Railway Bell **T**

Rotherhithe
Ship **T**

Catford
Black Cat **T**

Bromley
Two Doves **T**

Lee
Crown

Chislehurst
Bull's Head Hotel **H**

Key
Young's managed house unless marked

Tenanted	**T**
Geronimo	**G**
Hotel	**H**

Hindon
Lamb Inn **H**

Shaftesbury
Mitre

Southampton
Heartbreakers **T**

Sherfield-on-Loddon
White Hart

Cobham
Old Bear **T**

Emsworth
Sussex Brewery **T**

Guildford
Weyside

Witley
White Hart **T**

Chichester
Crown & Anchor

Fetcham
Bell

Effingham
Plough **T**

Bognor Regis
Waverley

Leatherhead
Penny Black

Betchworth
Dolphin

Dorking
Falkland Arms **T**
Old House **T**

Stonebridge
Royal Oak **T**

Redhill
Home Cottage
William IV **T**

Blindley Heath
Red Barn **G**

Lingfield
Greyhound **T**

East Grinstead
Ship **T**

Farnborough
Rose & Crown **T**

Plumpton Green
Fountain Inn **T**

SENIOR PERSONNEL, COMMITTEES AND ADVISERS

Directors

Stephen Goodyear
Non-executive Chairman

Patrick Dardis
Chief Executive

Steven Robinson, FCA
Chief Financial Officer

Torquil Sligo-Young
Information Resources

Tracy Read
People

Roger Lambert
Non-executive Senior Independent

Trish Corzine
Non-executive

Nick Miller
Non-executive

Ian McHoul
Non-executive

Company Secretary

Anthony Schroeder

Audit committee

Roger Lambert (Chairman)
Stephen Goodyear
Trish Corzine
Nick Miller
Ian McHoul

Remuneration committee

Nick Miller (Chairman)
Roger Lambert
Trish Corzine

Bankers

Royal Bank of Scotland Group plc
Corporate Banking London
250 Bishopsgate
London EC2M 4RB

Barclays Bank plc
1 Churchill Place
London E14 5HP

HSBC Bank plc
8 Canada Square
London E14 5HQ

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Nominated adviser

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP

Stockbrokers

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP

Panmure Gordon (UK) Ltd
One New Change
London EC4M 9AF

Solicitors

Slaughter and May
One Bunhill Row
London EC1Y 8YY

Gowling WLG (UK) LLP
Two Snowhill
Birmingham
B4 6WR

SHAREHOLDER INFORMATION

Registrar

The company's registrar is Computershare Investor Services PLC.

If you have questions about your shareholding or if you require other guidance (e.g. to notify a change of address or to give instructions for dividends to be paid directly into a bank account), please contact Computershare. All requests to amend account details must be made in writing.

Computershare's contact address is:

The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Their telephone no. is 0370 707 1420.

Shareholders can manage their Young's shareholding online at:
www.investorcentre.co.uk

Shareholder offers

Details of shareholder discounts and offers are mailed to shareholders from time to time. Any shareholder who does not wish to receive details of such offers should write to the Company Secretary at the registered office.

Registered office and company number

Riverside House
26 Osiers Road
Wandsworth
London SW18 1NH
Registered number: 32762

Further information

Please visit:
www.youngs.co.uk

Proposed financial diary 2018

7 June 2018
Ex-dividend date for final dividend

8 June 2018
Record date for final dividend

10 July 2018
Annual general meeting

12 July 2018
Payment of final dividend

15 November 2018
Interim results announcement

22 November 2018
Ex-dividend date for interim dividend

23 November 2018
Record date for interim dividend

7 December 2018
Payment of interim dividend

ESTD 1831

A PINT OF 'SPECIAL' BY THE RIVER BANK
AS THE SUMMER EVENING SUN FADES AWAY
A COLD WINTER'S WALK TO THE VILLAGE GREEN
FOR WARMTH AND COMFORT ON A SNOWY DAY.
A CELEBRATION IN A CITY BAR
AS A BUSY SPRING WEEK COMES TO A CLOSE
A PLACE FOR RELAXING AND LOVING LIFE
WHERE FAMILIES BOND AND FRIENDSHIP GROWS.
A DATE NIGHT, A GROUP NIGHT, A WORKING LUNCH
GREAT FOOD, GREAT BEER, COME RAIN OR SUN
AND THE COMFORT OF THAT FAMILIAR SIGN
"YOUNG'S", IT SAYS, "ESTD 1831".

Young & Co.'s Brewery, P.L.C.
Riverside House, 26 Osiers Road, Wandsworth, London SW18 1NH
Telephone: 020 8875 7000 Fax: 020 8875 7100
www.youngs.co.uk

Registered in England number 32762