OPEN 7AM for breakfast

J D Wetherspoon plc

ANNUAL REPORT AND ACCOUNTS 2010

thePublican Awards 2010 WINNER

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

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

In order to facilitate the reading of the annual report and accounts, the document has been split into two sections. Section 1 contains the main financial information for the financial year, including the chairman's statement, the income statement, and other key documents. Section 2 contains the rest of the documents, including the directors' and remuneration reports, as well as remaining reports and documentation.

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SECTION 1

FINANCIAL HIGHLIGHTS

Revenue up 4.3% to £996.3m

Like-for-like sales up 0.1% and profits down 2.0%

Operating profit before exceptional items* up 3.1% to £100.0m

Operating profits up 19.2% to £89.5m

Operating margin before exceptional items* 10.0% (last year: 10.2%)

Operating margin 9.0% (last year: 7.9%)

Profit before tax before exceptional items* up 7.3% to £71.0m

Profits before tax up 34.4% to £60.5m

Earnings per share before exceptional items* up 7.1% to 34.9p

Earnings per share up 61.0% to 29.3p

Free cash flow per share 51.3p (last year: 71.7p)

47 pubs opened, 3 sold, creating a total of 775

*Exceptional items as disclosed in account note 3.

'Another record year'

I am pleased to report another record year for the company in sales and profit before tax and exceptional items. The company was founded in 1979 – and this is the 27th year since incorporation in 1983. The table below outlines some key indicators of our performance during that period. As this demonstrates, earnings per share have grown by an average of 17.7% per annum, since our flotation in 1992, and free cash flow per share by an average of 19.3%.

'Operating profit before exceptional items increased by 3.1% to £100.0 million…'

Summary financials for the years ended 31 July 1984–2010

Financial year	Total sales £000	Profit before tax and exceptional items £000	Earnings per share (EPS) before exceptional items pence	Free cash flow £000	Free cash flow per share pence
1984	818	(7)	0.0		
1985	1,890	185	0.2		
1986	2,197	219	0.2		
1987	3,357	382	0.3		
1988	3,709	248	0.3		
1989	5,584	789	0.6	915	0.4
1990	7,047	603	0.4	732	0.4
1991	13,192	1,098	0.8	1,236	0.6
1992	21,380	2,020	1.9	3,563	2.1
1993	30,800	4,171	3.3	5,079	3.9
1994	46,600	6,477	3.6	8,284	5.1
1995	68,536	9,713	4.9	13,506	7.4
1996	100,480	15,200	7.8	20,972	11.2
1997	139,444	17,566	8.7	28,027	14.4
1998	188,515	20,165	9.9	28,448	14.5
1999	269,699	26,214	12.9	40,088	20.3
2000	369,628	36,052	11.8	49,296	24.2
2001	483,968	44,317	14.2	61,197	29.1
2002	601,295	53,568	16.6	71,370	33.5
2003	730,913	56,139	17.0	83,097	38.8
2004	787,126	54,074	17.7	73,477	36.7
2005	809,861	47,177	16.9	68,774	37.1
2006	847,516	58,388	24.1	69,712	42.1
2007	888,473	62,024	28.1	52,379	35.6
2008	907,500	58,228	27.6	71,411	50.6
2009	955,119	66,155	32.6	99,494	71.7
2010	996,327	71,015	34.9	71,344	51.3

Notes

Adjustments to statutory numbers

1. Where appropriate, the EPS, as disclosed in the statutory accounts, has been recalculated to take account of share splits, the issue of new shares and capitalisation issues.

2. Free cash flow per share excludes dividends paid which were included in the free cash flow calculations in the reported accounts for the years 1995–2000.

3. The above table has not been audited.

4. Before 2005, the accounts were prepared under UKGAAP. All accounts from 2005 to date have been prepared under IFRS.

Like-for-like sales in the year under review increased marginally by 0.1%, with total sales, including new pubs, increasing by £41.2 million to £996.3 million, a rise of 4.3% (2009: 5.2%). Like-for-like bar sales decreased by 0.8% (2009: increased by 2.5%), like-for-like food sales increased by 0.1% (2009: decreased by 0.4%) and like-for-like machine sales increased by 12.1% (2009: decreased by 7.5%).

Operating profit before exceptional items increased by 3.1% to £100.0 million (2009: £97.0 million) and, after exceptional items, increased by 19.2% to £89.5 million (2009: £75.1 million). The operating margin, before exceptional items, interest and tax, decreased to 10.0% (2009: 10.2%), with increases in labour and repair costs being partially offset by reduced energy costs and lower depreciation. The operating margin after exceptional items increased to 9.0% (2009: 7.9%).

Profit before tax and exceptional items increased by 7.3% to £71.0 million (2009: £66.2 million) and, after exceptional items, increased by 34.4% to £60.5 million (2009: £45.0 million). Earnings per share before exceptional items increased by 7.1% to 34.9p (2009: 32.6p) and after exceptional items increased by 61.0% to 29.3p (2009: 18.2p).

Net interest was covered 3.4 times by operating profit before exceptional items (2009: 3.1 times) and 3.1 times by operating profit after exceptional items (2009: 2.4 times). Total capital investment was £81.8 million in the period (2009: £48.8 million), with £57.7 million on new pub openings (2009: £37.8 million), reflecting the increased number of openings, and £24.1 million on established pubs (2009: £11.0 million), reflecting largely the investment in our new till system and increased expenditure on refurbishment.

Exceptional items before tax totalled £10.6 million (2009: £21.1 million). These related to the impairment of trading pub assets of £10.6 million (2009: £6.5 million). The balance of last year's exceptional items related to: the disposal of properties which we no longer intend to develop (2009: £4.4 million); a one-off depreciation adjustment, following a review of our fixed-asset register (2009: £9.4 million); major litigation costs, involving legal action against our former estate agents – Van de Berg (2009: £1.6 million).

Free cash flow, after capital investment of £24.1 million on established pubs (2009: £11.0 million), £6.1 million in respect of share purchases for employees under the company's share-based payment schemes (2009: £6.0 million) and payments of tax and interest, decreased by £28.2 million to £71.3 million (2009: £99.5 million). Free cash flow per share was 51.3p (2009: 71.7p).

Property

The company opened 47 pubs during the year, 15 of which were freehold, and closed three others, resulting in a total estate of 775 pubs at the financial year end. As was the case last year, most new openings were of existing pubs, with rents and development costs being lower than historic trends. The average development cost for a new pub (excluding the cost of freeholds), in the financial year under review, was £0.86 million, compared with £0.85 million a year ago. The full-year depreciation charge was £43.7 million (2009: £45.1 million).

In the financial year ending July 2011, we intend to open at least the same number of pubs as in the year under review.

Taxation

The overall tax charge on pre-exceptional items before taking into account the effect of the tax-rate change is 31.6% (2009: 31.7%). The standard UK tax rate is 28% (2009: 28%) and the difference between that rate and the company tax is 3.6% (2009: 3.7%), due primarily to the level of non-qualifying depreciation (depreciation which does not qualify for tax relief); this is partially offset by the deduction available for share-based payments for employees.

The current tax rate has fallen to 30.6% (2009: 32.4%). This is due largely to the availability of first-year allowances for qualifying capital expenditure incurred in the first eight months of the financial year to 31 March 2010.

Financing

As at 25 July 2010, the company's total net bank borrowings (excluding finance leases and derivatives) were £379.5 million (2009: £388.2 million), a reduction of £8.7 million. Net debt including finance leases (but excluding derivatives) was £388.4 million (2009: £390.0 million), a reduction of £1.6 million. Net debt excluding derivatives has declined, notwithstanding 47 new pub openings costing £57.7 million and the dividend payments of £26.2 million. Year-end net-debt-to-EBITDA has fallen to 2.70 times (2009: 2.73 times).

The company had £170.5 million (2009: £154.0 million) of unutilised banking facilities and cash balances at 25 July 2010, with total facilities of £550.0 million (2009: £542.2 million). During the year, the company repaid its US$140m (£87.2 million) private placement from cash flow and remaining facilities and successfully concluded a new non-amortising £530-million four-year facility, expiring in March 2014, with a syndicate of 11 banks, comprising a mix of current and new lenders. The company's existing swap arrangements remain in place.

Dividends

As previously outlined in the interim accounts, the board declared and paid a total dividend of 12.0p for the financial year ending 25 July 2010 (2009: nil). The board also declared a special dividend of 7.0p, both dividends having been paid on 1 April 2010.

Further progress

As indicated in previous years, our approach remains one of trying to make lots of small improvements in diverse areas of the business, creating momentum in the services and facilities offered to customers, as well as sales and profits for the company.

We have developed our breakfast offering, by opening from 7am, the only substantial pub company to do so. We are now selling over 400,000 breakfasts and 600,000 coffees each week, an increase of 40%. We continue to be the world's number-one seller of Tierra, Lavazza's Rainforest-Alliance-certified sustainable coffee, and recently became the only pub company to be made an honorary lifetime member, by the Rainforest Alliance. This award recognises those pioneering organisations which have exhibited outstanding leadership in efforts to promote sustainability.

'We are now selling over 400,000 breakfasts and 600,000 coffees each week, an increase of 40%.'

We continue to advance in the area of traditional ales and have seen sales growth of 6% in the year. We stock over 600 guest beers throughout the year, from a wide selection of microbrewers. Over 98% of our estate is Cask Marque accredited and we currently have a record number of pubs recommended in the CAMRA Good Beer Guide 2010 – more than any other substantial pub company. During April 2010, we also ran the biggest real-ale festival in the world, selling 2.9 million pints over 19 days.

The company was named Pub Company of the Year at the 2010 Publican Awards and won 2010 'Best Town and Local Pub Menu' at the Menu Innovation and Development Awards (MIDAS), sponsored by the Inside Foodservice organisation. The company was also named Responsible Drinks Retailer of the Year, in 2009 – the first pub company to win the award twice since its inception in 2006.

A total of 144 Wetherspoon pubs was entered in the 2009 Loo of the Year awards, with 104 pubs receiving the maximum five stars and the remaining 40 receiving four. The company won the Pubs and Wine Bars individual titles in England, Scotland, Wales and Northern Ireland and also won the UK trophy in the Corporate Provider category. During the coming year, the company is looking to refurbish over 80 sets of pub toilets, as it recognises their importance to customers.

The company is the largest single corporate fund-raiser for the CLIC Sargent charity (caring for children with cancer), a partnership now in its eighth consecutive year, raising £3.5 million to date, with a pledge to raise a further £600,000 annually. During the past financial year, company employees and customers raised a record £890,660.

As previously stated, this combination of bar, food and coffee sales, along with a strong focus on service and standards, helps to ensure that pubs are busy throughout much of the week, maximising profits and employment opportunities, as well as generating volume growth for many of our suppliers.

Personnel and training

As we have stated before, the most important factors in successful pubs are the quality and motivation of those whom we employ. The company accordingly continues to believe that incentives for managers and staff, combined with excellent training schemes, are vital for future success.

In relation to training, the company held over 1,000 separate training courses in 2009/10, attended by 15,000 delegates; we also promoted over 1,500 bar and kitchen staff to shift manager or management positions.

The company has also been recognised not only as an 'Age Positive' employer (by the Department for Work and Pensions), but also by the Corporate Research Foundation (in association with The Guardian newspaper) as one of 'Britain's Top Employers', for seven consecutive years, including 2010.

In August 2009, the company was awarded a funding contract with the Learning and Skills Council (now the Skills Funding Agency) to offer a level 2 apprenticeship and skills for life qualification (numeracy and literacy). By August 2010, the company had 168 apprentices, with 220 employees having signed up for the numeracy and literacy training. As part of this process, the company has signed the Skills Pledge – a voluntary public commitment, made by the company, to develop the skills of employees and support their working towards nationally recognised qualifications.

Staff retention is again at our highest-ever level, with pub managers averaging over eight years' service, giving us, we believe, an advantage in our business.

The company created over 2,400 jobs in the year and expects to be one of the biggest and fastest-growing employers in the UK, over the next five years.

We continue to provide monthly bonuses for all of our pub staff, whatever their length of service. In this connection, the company awarded bonuses and free shares (SIPs) for employees of £22.5 million in the year, an increase of 10% (2009: £20.5 million). Over 95% of the payments were made to those employees below board level, with approximately 88% of payments made to those employees working in our pubs.

Cash bonuses paid to pub managers and staff are based partly on service standards (verified by mystery visits) and partly on individual pub profits. Head-office cash bonuses are based on profits before tax.

In addition, all employees at pubs and head office, including executive directors, are eligible for free shares, subject to a qualifying period. The free shares have replaced the share option scheme in recent years; since they are purchased by the company, these avoid the dilution of current shareholders.

I would like to thank our employees, partners and suppliers, once again, for their excellent work in the past year.

Taxation and legislation

In the last financial year, the company was responsible for approximately £400 million of tax payments of one type or another, including VAT, excise duty on alcoholic drinks, employment and property taxes. The previous government adopted an approach of increasing taxes and regulations for pubs, greatly increasing the costs of running these businesses. Since the provision of a pint in a pub is far more labour intensive than that of a pint purchased in a supermarket, the effect of many of these taxes and regulations has been far greater for pubs than for supermarkets or other off-licensed premises.

In addition, much of the legislation aimed at controlling excessive consumption of alcohol has been aimed at pubs, since alcoholic products purchased in supermarkets are consumed elsewhere, meaning that this aspect of regulation causes great expense for pubs, which is often unproductive, and virtually none for supermarkets.

It is also clear that much of the legislation which has caused extreme hardship for publicans and their staff has really amounted to little more than a public relations stunt. For example, police officers have been required to recruit 15- and 16-year-olds in schools, who are paid to go to pubs, under police supervision, to try to buy drinks. This sort of 'entrapment' is prohibited in most areas of the law, but has been zealously pursued against licensed premises.

The problem with this sort of legislation is that it is hypocritical in the extreme and counter-productive. Almost all adults started drinking in pubs, as most will admit, at about the age of 15 or 16. Many also permit their 15- or 16-year-old children to go to pubs, usually preferring the supervised drinking circumstances found in pubs (incorporating mixed-age groups), compared with the unsupervised drinking environments of parties, streets and parks.

The net result of the previous government's policy of increased taxes and regulations affecting the pub industry has been the closure of many pubs – often, but not always, in rural areas and villages, with consequential damaging effects on the social life of these communities.

In addition, the government's policies have resulted in pub consumption being replaced mainly by supermarket sales, resulting in a higher level of unsupervised drinking and significantly lower taxes for the government. Lower taxes are a result of the fact that the average price of a pint in a pub is now over £2.50, with the tax payable (from the various taxes referred to above) being at least £1 per pint. In contrast, taxes, including VAT, are only about half of that amount on a pint purchased from a supermarket, owing to the lower VAT, but also to the lower impact of property and employment taxes. As alcohol consumption in pubs has declined sharply and off-sales have increased, so alcohol-related problems have worsened, suggesting that pub consumption is preferable to off-sales.

'Our sales, profit and cash flow continue to be resilient, with the performance of our recently opened pubs encouraging.'

Unfortunately, the present government seems determined to proceed on the same path as the last government, especially with regard to legislation affecting pubs. The police are to be given further powers to close pubs, even though such powers seem not to have been requested by them. The authorities currently have ample powers for dealing with the relevant issues. In addition, a Draconian reduction of the ability of pubs to appeal in several important circumstances and a late-night levy (in effect, another tax on pubs) are proposed. In France, which many Britons like to believe has more restrictions and regulations adversely affecting business, VAT on food served in bars and restaurants has been reduced to 5.5%, with early evidence suggesting that more tax has been levied by the French government, as a result, through job creation, greater income tax, increased salaries for employees and increased corporation tax.

Serious UK governmental thought is required to reverse the trend towards job and social destruction, resulting from a continuation of the previous government's policies. In particular, if the UK government wishes to maximise jobs and tax from the pub and restaurant industry, the tax paid by pubs and restaurants should be more fairly equated with that paid by supermarkets.

Current trading and outlook

As indicated above, the biggest danger to the pub and catering industry is a continued increase in destructive taxes and regulations. It is to be hoped that the UK government's attitude towards pubs, in particular, changes and that a co-operative and helpful, rather than a punitive, approach is adopted.

In the six weeks to 5 September 2010, like-for-like sales increased by 1.5% and total sales by 7.6%.

Our sales, profit and cash flow continue to be resilient, with the performance of our recently opened pubs encouraging. As previously indicated, we continue to believe that there are substantial opportunities for us to acquire new sites at reasonable prices. We are also seeking to invest in our current estate, with a planned programme of refurbishment expenditure, as well as seeking to finish the roll-out of our new till system. In addition, we are planning to increase targeted investment in pubs' staffing and support. Our interest charges will be higher in the financial year ending July 2011, as previously indicated, following our refinancing.

The board remains confident of a resilient performance by the company in the current financial year.

Tim Martin
Chairman
10 September 2010

Financial performance

The chairman's statement and operating review on pages 3 to 7 cover a comprehensive review of the financial results for the year just ended. Bar sales in the first half of the year remained resilient, but declined marginally in the second half of the year, following the VAT rise in January. By comparison, food sales declined slightly in the first half of the year, following relatively strong performance in the first half of last year. However, the second half of the year saw strong food growth, following the decision to open earlier for breakfast at 7am.

Business review

The key issues facing the company are covered in the chairman's statement and operating review. The key performance indicators (KPIs), which the company uses to monitor its overall financial position, include the following:

Financial highlights	Reported results
Revenue £996.3m (2009: £955.1m)	+4.3%
Like-for-like sales	+0.1%
Operating profit before exceptional items £100.0m (2009: £97.0m)	+3.1%
Operating profit after exceptional items £89.5m (2009: £75.1m)	+19.2%
Operating margin before exceptional items 10.0% (2009: 10.2%)	-0.2%
Operating margin after exceptional items 9.0% (2009: 7.9%)	+1.1%
Profit before tax before exceptional items £71.0m (2009: £66.2m)	+7.3%
Profit before tax after exceptional items £60.5m (2009: £45.0m)	+34.4%
Earnings per share before exceptional items 34.9p (2009: 32.6p)	+7.1%
Earnings per share after exceptional items 29.3p (2009: 18.2p)	+61.0%
Free cash flow per share 51.3p (2009: 71.7p)	-28.5%

The non-financial KPIs monitored by the company can be divided into two components, being general standards (including environmental matters) and people.

The KPIs applied by the business in each of these areas are in line with previous years and are as follows:

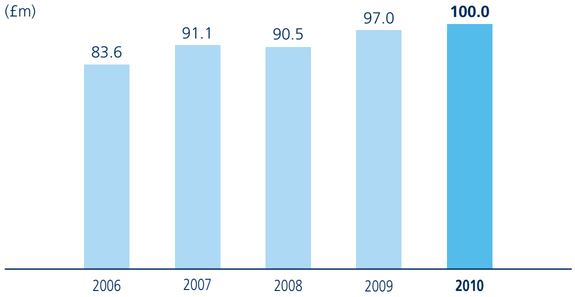
General standards

- Mystery visitors programme
- Food-quality audits
- Food-delivery-times-monitoring
- General business audit and standards review
- Level of customer complaints
- External environmental audits

People

- Employee turnover levels
- Annual employee satisfaction survey
- Regular employee liaison groups
- Level of sickness and absence

Operating profit



It is not appropriate to report actual statistics on these indicators, owing to commercial sensitivity.

Finance costs

The net finance costs during the year decreased from £30.8 million to £29.0 million (excluding the fair value gain on financial derivatives). This decrease is driven by the lower funding costs, following repayment of the US private placement in September 2009 and lower average net debt through the year. The finance costs (excluding the fair value gain on derivatives) in the income statement were covered 3.4 times, compared with 3.1 times in the previous year, on a pre-exceptional basis. Fixed-charge cover (The number of times Ebitdar* covers rent and interest) was 1.7 times (2009: 1.5 times). Excluding depreciation, amortisation, fair value gain on derivatives and lease premiums' amortisation, fixed-charge cover, on a cash basis, was 2.1 times (2009: 2.0 times).

*Ebitdar – earnings before interest, tax, depreciation, amortisation and rent.

Taxation

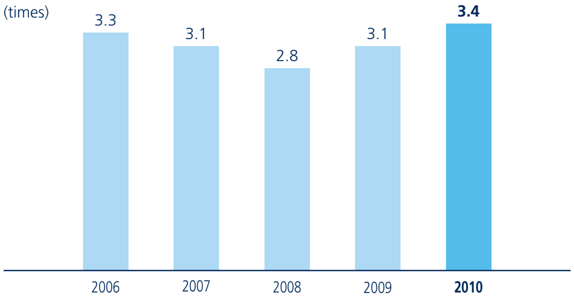
A full analysis of the taxation charge for the year is set out in note 6 to the accounts.

	2010* %	**2010** %	2009* %	2009 %
Corporation tax	**30.6**	**35.9**	32.4	47.6
Deferred tax	**1.0**	**1.2**	(0.7)	(3.8)
Total tax before impact of tax-rate change	**31.6**	**37.1**	31.7	43.8
Deferred tax – impact of tax-rate change	**(3.9)**	**(4.6)**	–	–
Total tax	**27.7**	**32.5**	31.7	43.8

*Excluding exceptional items.

The overall tax charge on pre-exceptional items is 31.6%, excluding the effect of the one-off tax-rate change (2009: 31.7% on a comparable basis, adjusted for exceptional items). The UK standard tax rate is 28.0% (2009: 28.0%), with the difference between that rate and the company tax charge being slightly lower at 3.6% (2009: 3.7%).

Interest cover



Shareholders' return
Earnings per share increased by +7.1% to 34.9p (excluding exceptional items), with underlying free cash flow per share down -28.5% to 51.3p.

The middle-market quotation of the company's ordinary shares at the end of the financial year was 428.4p. The highest price during the year was 556.0p, while the lowest was 378.7p. The company's market capitalisation at 25 July 2010 was £596.0 million.

Financial position
Net debt excluding derivatives at the year end amounted to £388.4 million. The key ratio of net debt compared with earnings before interest, tax, depreciation and amortisation (EBITDA) is 2.70 times, slightly lower than 2.73 times last year and at a level which allows the company significant operational flexibility.

At the balance sheet date, the company had £170.5 million of unutilised banking facilities and cash balances. This level of unutilised facilities, coupled with the continuing strong cash generation, provides a significant cushion against any future changes in the expected cash flow position of the company and allows for future expansion and ongoing payment of a dividend.

The company's overall facilities at the balance sheet date are as follows:

- UK banking facility £530 million
  - Matures March 2014
  - 11 participating lenders
  - £250-million floating- to fixed-rate swap expiring in 2014
  - £150-million floating- to fixed-rate swap expiring in 2016
  - Average interest cost of swaps was 5.74%, until September 2009 and was 5.47% excluding the banks' margins

- Overdraft facility of £20 million

- Total facilities £550 million (including overdraft)

Financial risks and treasury policies
The company's main treasury risks relate to the availability of funds to meet its future requirements and fluctuations in interest rates. The treasury policy of the company is determined and monitored by the board.

The company has no foreign currency risk and has no trading requirements in any foreign currency. The overall treasury policy in this area is to ensure that there are no currency risks attached to any part of the business.

The company's interest-rate risk policy is to monitor and review anticipated levels of expansion and expectations on future interest rates, in order to hedge the appropriate level of borrowings by entering into fixed- and floating-rate agreements, as appropriate.

At the balance sheet date, the company had entered into fixed interest-rate swap agreements which fixed £400m of these borrowings at rates of between 5.40% and 5.67%. The effective weighted average interest rate of the swap agreements entered into is 5.47% (2009: 5.74%), fixed for a weighted average period of 4.9 years (2009: 4.3 years).

The company monitors its cash resources through short-, medium- and long-term cash-forecasting. Surplus cash is pooled into an interest-bearing account or placed on short-term deposit for periods of between one and three months.

The company monitors its overall level of financial gearing weekly. Short- and medium-term forecasts show underlying levels of gearing which remain within the company's targets.

Further information on other financial matters, including the directors' review of regulatory risks, health and safety, the economic outlook, cost increases and other matters can be found in section 2.

Keith Down
Finance Director
10 September 2010

INCOME STATEMENT for the 52 weeks ended 25 July 2010

J D Wetherspoon plc, company number: 1709784

	Notes	**52 weeks ended 25 July 2010 Before exceptional items Total £000**	**52 weeks ended 25 July 2010 Exceptional items (note 3) Total £000**	**52 weeks ended 25 July 2010 After exceptional items Total £000**	52 weeks ended 26 July 2009 Before exceptional items Total £000	52 weeks ended 26 July 2009 Exceptional items (note 3) Total £000	52 weeks ended 26 July 2009 After exceptional items Total £000
Revenue	1	**996,327**	**–**	**996,327**	955,119	–	955,119
Operating costs		**(896,314)**	**(10,557)**	**(906,871)**	(858,118)	(21,920)	(880,038)
Operating profit	2	**100,013**	**(10,557)**	**89,456**	97,001	(21,920)	75,081
Finance income	5	**16**	**–**	**16**	336	–	336
Finance costs	5	**(29,014)**	**–**	**(29,014)**	(31,182)	–	(31,182)
Fair value gain on financial derivatives	5	**–**	**–**	**–**	–	794	794
Profit before taxation		**71,015**	**(10,557)**	**60,458**	66,155	(21,126)	45,029
Income tax expense	6	**(19,680)**	**–**	**(19,680)**	(20,954)	1,224	(19,730)
Profit for the year		**51,335**	**(10,557)**	**40,778**	45,201	(19,902)	25,299
Earnings per ordinary share	7	**34.9p**		**29.3p**	32.6p		18.2p

STATEMENT OF COMPREHENSIVE INCOME for the 52 weeks ended 25 July 2010

J D Wetherspoon plc, company number: 1709784

	Notes	**52 weeks ended 25 July 2010 £000**	52 weeks ended 26 July 2009 £000
Interest-rate swaps: loss taken to equity		**(25,393)**	(35,934)
Tax on items taken directly to equity	6	**6,856**	10,062
Net loss recognised directly in equity		**(18,537)**	(25,872)
Profit for the year		**40,778**	25,299
Total comprehensive income/(loss) for the year		**22,241**	(573)

CASH FLOW STATEMENT for the 52 weeks ended 25 July 2010

J D Wetherspoon plc, company number: 1709784

	Notes	**52 weeks ended 25 July 2010 £000**	**52 weeks ended 25 July 2010 £000**	52 weeks ended 26 July 2009 £000	52 weeks ended 26 July 2009 £000
Cash flows from operating activities					
Cash generated from operations	8	**153,405**	**153,405**	171,850	171,850
Interest received		**9**	**9**	460	460
Interest paid		**(30,252)**	**(30,252)**	(35,317)	(35,317)
Corporation tax paid		**(21,617)**	**(21,617)**	(20,497)	(20,497)
Gaming machine VAT receipt		**14,941**		–	
Purchase of own shares for share-based payments		**(6,129)**	**(6,129)**	(6,003)	(6,003)
Net cash inflow from operating activities		**110,357**	**95,416**	110,493	110,493
Cash flows from investing activities					
Purchase of property, plant and equipment		**(21,778)**	**(21,778)**	(9,546)	(9,546)
Purchase of intangible assets		**(2,294)**	**(2,294)**	(1,453)	(1,453)
Proceeds on sale of property, plant and equipment		**170**		495	
Investment in new pubs and pub extensions		**(53,804)**		(36,899)	
Purchase of lease premiums		**(3,935)**		(931)	
Net cash outflow from investing activities		**(81,641)**	**(24,072)**	(48,334)	(10,999)
Cash flows from financing activities					
Equity dividends paid	10	**(26,174)**		(10,439)	
Proceeds from issue of ordinary shares		**523**		580	
Advances/(repayments) under bank loans	9	**87,586**		(44,051)	
Repayment of US private placement	9	**(86,742)**		–	
Advances under finance leases	9	**9,092**		–	
Finance costs on new loan	9	**(7,626)**		(208)	
Finance lease principal payments	9	**(2,898)**		(889)	
Net cash outflow from financing activities		**(26,239)**		(55,007)	
Net increase in cash and cash equivalents	9	**2,477**		7,152	
Opening cash and cash equivalents	17	**23,604**		16,452	
Closing cash and cash equivalents	17	**26,081**		23,604	
Free cash flow	7		**71,344**		99,494
Free cash flow per ordinary share	7		**51.3p**		71.7p

BALANCE SHEET as at 25 July 2010

J D Wetherspoon plc, company number: 1709784

	Notes	25 July 2010 £000	26 July 2009 £000
Assets			
Non-current assets			
Property, plant and equipment	11	**810,714**	773,903
Intangible assets	12	**6,700**	4,858
Deferred tax assets	6	**17,597**	10,766
Other non-current assets	13	**10,001**	7,969
Total non-current assets		**845,012**	797,496
Current assets			
Inventories	14	**19,911**	17,954
Other receivables	15	**19,727**	16,326
Assets held for sale	16	**–**	1,135
Cash and cash equivalents	17	**26,081**	23,604
Total current assets		**65,719**	59,019
Total assets		**910,731**	856,515
Liabilities			
Current liabilities			
Trade and other payables	18	**(162,553)**	(143,712)
Financial liabilities	19	**(2,829)**	(102,811)
Current income tax liabilities		**(11,501)**	(11,409)
Derivative financial instruments	20	**–**	(555)
Total current liabilities		**(176,883)**	(258,487)
Non-current liabilities			
Financial liabilities	19	**(411,643)**	(310,340)
Derivative financial instruments	20	**(61,391)**	(35,919)
Deferred tax liabilities	6	**(75,579)**	(77,633)
Other liabilities	21	**(23,094)**	(6,443)
Total non-current liabilities		**(571,707)**	(430,335)
Net assets		**162,141**	167,693
Shareholders' equity			
Ordinary shares	24	**2,783**	2,779
Share premium account		**142,975**	142,456
Capital redemption reserve		**1,646**	1,646
Hedging reserve		**(44,821)**	(26,284)
Retained earnings		**59,558**	47,096
Total shareholders' equity		**162,141**	167,693

The notes on pages 14 to 34, together with the accounting policies as outlined in section 2 form an integral part of these financial statements.

The financial statements on pages 10 to 44 were approved by the board on 10 September 2010 and signed on its behalf by:

John Hutson
Director

Keith Down
Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

J D Wetherspoon plc, company number: 1709784

	Notes	Called-up share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	**Total £000**
At 27 July 2008		**2,775**	**141,880**	**1,646**	**(412)**	**34,658**	**180,547**
Profit for the year		–	–	–	–	25,299	**25,299**
Interest-rate swaps: loss taken to equity	20	–	–	–	(35,934)	–	**(35,934)**
Tax on items taken directly to equity	6	–	–	–	10,062	–	**10,062**
Total comprehensive loss		–	–	–	(25,872)	25,299	**(573)**
Exercise of options	24	4	576	–	–	–	**580**
Share-based payments	4	–	–	–	–	3,592	**3,592**
Purchase of shares held in trust		–	–	–	–	(6,014)	**(6,014)**
Dividends	10	–	–	–	–	(10,439)	**(10,439)**
At 26 July 2009		**2,779**	**142,456**	**1,646**	**(26,284)**	**47,096**	**167,693**
Profit for the year		–	–	–	–	40,778	**40,778**
Interest-rate swaps: loss taken to equity	20	–	–	–	(25,393)	–	**(25,393)**
Tax on items taken directly to equity	6	–	–	–	6,856	–	**6,856**
Total comprehensive income		–	–	–	(18,537)	40,778	**22,241**
Exercise of options	24	4	519	–	–	–	**523**
Share-based payments	4	–	–	–	–	3,987	**3,987**
Purchase of shares held in trust		–	–	–	–	(6,129)	**(6,129)**
Dividends	10	–	–	–	–	(26,174)	**(26,174)**
At 25 July 2010		**2,783**	**142,975**	**1,646**	**(44,821)**	**59,558**	**162,141**

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

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

Shares acquired in relation to the employee Share Incentive Plan and the 2005 Deferred Bonus Scheme are held in trust, until such time as the awards vest. At 25 July 2010, the number of shares held in trust was 4,556,097 (2009: 4,175,253), with a nominal value of £91,000 (2009: £84,000) and a market value of £19,518,320 (2009: £18,789,000) which are accounted for as treasury shares.

Interest-rate swap gains or losses arise from the movement of fair value in the company's derivative financial instruments, in line with the accounting policy disclosed in section 2.

As at 25 July 2010, the company had distributable reserves of £14.7 million (2009: £27.0 million).

Full details of the authorisation of these financial statements as well as the accounting policies adopted by the company in their preparation are contained in section 2 from pages 38 to 44.

Also included in section 2 is a note on the companies use of financial instruments and shareholder attention is drawn to a number of risk factors that may affect the company. These are included in the discussion of risks and uncertainties facing the company.

1 Revenue

Revenue disclosed in the income statement is analysed as follows:

	52 weeks ended 25 July 2010 £000	52 weeks ended 26 July 2009 £000
Sales of food, beverages and machine income	**996,327**	955,119

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

This is stated after charging/(crediting):	52 weeks ended 25 July 2010 £000	52 weeks ended 26 July 2009 £000
Operating lease payments		
– minimum lease payments on land and buildings	**49,097**	45,390
– contingent rents on land and buildings	**12,934**	13,136
– equipment and vehicles	**310**	534
Repairs and maintenance	**34,233**	28,713
Rent receivable	**(392)**	(709)
Depreciation of property, plant and equipment (note 11)		
– owned assets	**39,649**	42,998
– assets held under finance leases	**2,971**	985
Amortisation of intangible assets (note 12)	**811**	878
Amortisation of non-current assets (note 13)	**268**	235
Share-based charges	**3,987**	3,592
Auditors' remuneration		
Audit services:		
– audit fees	**152**	148
– other services supplied pursuant to relevant legislation	**26**	25
– other services	**10**	16
Total auditors' fees	**188**	189

Analysis of continuing operations	52 weeks ended 25 July 2010 £000	52 weeks ended 26 July 2009 £000
Revenue	**996,327**	955,119
Cost of sales	**(856,908)**	(821,411)
Gross profit	**139,419**	133,708
Administration costs		
– head-office costs	**(39,406)**	(36,707)
Operating profit before exceptional items	**100,013**	97,001
Exceptional items (note 3)	**(10,557)**	(21,920)
Operating profit after exceptional items	**89,456**	75,081

3 Exceptional items

	52 weeks ended 25 July 2010 £000	52 weeks ended 26 July 2009 £000
Operating items		
Impairment of property and fixed assets	**10,557**	15,951
Property-related disposals and write-offs	–	4,404
Litigation costs	–	1,565
Operating exceptional items	**10,557**	21,920
Non-operating items		
Fair value gain on derivatives	–	(794)
Total exceptional items	**10,557**	21,126
Tax on exceptional items	–	(1,224)
	10,557	19,902

The exceptional charge of £10,557,000 relates to the impairment of property, plant and equipment following a review of the Company's assets as required under IAS 36.

Under the impairment review, each CGU is reviewed for its recoverable amount, determined as being the higher of its fair value less costs to sell and its value in use. This resulted in an impairment charge of £10,557,000.

During the previous year, included within the £15,951,000 charge in respect of impairment of property and fixed assets was a charge of £6,527,000, relating to the impairment review of the Company's assets, and £9,424,000, relating to a one-off depreciation adjustment.

Property-related disposals and write-offs in the previous year relate to one non-trading unit which was disposed of and three additional non-trading units which management decided to sell, resulting in a charge to the income statement arising from the reduction of their book value to their fair value. Also included are aborted property costs on several sites which management decided not to pursue. This resulted in a charge of £4,404,000.

Litigation costs of £1,565,000 in the previous year related to legal action against the Company's former estate agents, Van de Berg.

4 Employee benefits expense

	52 weeks ended 25 July 2010 £000	52 weeks ended 26 July 2009 £000
Wages and salaries	**250,261**	234,767
Social security costs	**16,649**	15,456
Pension costs	**1,598**	1,488
Share-based charges	**3,987**	3,592
	272,495	255,303

The average number of people directly employed in the business was as follows:	2010 Number	2009 Number
Full-time equivalents		
Managerial/administration	**3,342**	3,199
Hourly paid staff	**8,617**	8,353
	11,959	11,552

	2010 Number	2009 Number
Total employees		
Managerial/administration	**3,709**	3,199
Hourly paid staff	**17,468**	17,158
	21,177	20,357

Directors' emoluments

	2010 £000	2009 £000
Aggregate emoluments (excluding share-based payments)	**1,918**	1,869
Contributions to a defined contribution scheme	**126**	126
	2,044	1,995

Retirement benefits are accruing to 4 directors under a defined contribution scheme (2009: 4).

Highest-paid director

	2010 £000	2009 £000
Aggregate emoluments (excluding share-based payments)	**508**	496
Contributions to defined contribution scheme	**48**	48
	556	544

Details of directors' emoluments are disclosed in the remuneration report on pages 57 to 64 and form part of these financial statements.

5 Finance income and costs

	52 weeks ended 25 July 2010 £000	52 weeks ended 26 July 2009 £000
Finance costs		
Interest payable on bank loans and overdrafts	**26,789**	25,890
Interest payable on US senior loan notes	**437**	4,737
Amortisation of bank loan issue costs	**1,227**	334
Interest payable on obligations under finance leases	**561**	221
Total finance costs	**29,014**	31,182
Bank interest receivable	**(16)**	(336)
Fair value gain on basis swaps	**–**	(794)
Total finance income	**(16)**	(1,130)
Total net finance costs	**28,998**	30,052

Further details are provided in note 20.

	52 weeks ended 25 July 2010 £000	52 weeks ended 26 July 2009 £000
Analysis of finance income and costs in categories in accordance with IAS 39		
Loans and receivables	**(16)**	(336)
Financial liabilities carried at amortised cost	**9,327**	13,035
Financial derivatives	**18,983**	16,248
Other financial expenses	**704**	1,105
Total net finance cost	**28,998**	30,052

6 Income tax expense

(a) Tax on profit on ordinary activities

Tax charged in the income statement

	52 weeks ended 25 July 2010 Before exceptional items £000	52 weeks ended 25 July 2010 After exceptional items £000	52 weeks ended 26 July 2009 Before exceptional items £000	52 weeks ended 26 July 2009 After exceptional items £000
Current income tax:				
Current income tax charge	**21,709**	**21,709**	21,438	21,449
Total current income tax	**21,709**	**21,709**	21,438	21,449
Deferred tax:				
Origination and reversal of timing differences	**746**	**746**	(484)	(1,719)
Impact of change in UK tax rate	**(2,775)**	**(2,775)**	–	–
Total deferred tax	**(2,029)**	**(2,029)**	(484)	(1,719)
Tax charge in the income statement	**19,680**	**19,680**	20,954	19,730
Tax relating to items charged or credited to equity				
Deferred tax:				
Tax credit on interest-rate swaps	**(6,856)**	**(6,856)**	(10,062)	(10,062)
Tax credit in the statement of comprehensive income	**(6,856)**	**(6,856)**	(10,062)	(10,062)

6 Income tax expense continued

(b) Reconciliation of the total tax charge

The tax expense after exceptional items in the income statement for the year is higher (2009: higher) than the standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are reconciled below.

	52 weeks ended 25 July 2010 Before exceptional items £000	**52 weeks ended 25 July 2010 After exceptional items £000**	52 weeks ended 26 July 2009 Before exceptional items £000	52 weeks ended 26 July 2009 After exceptional items £000
Profit before income tax	**71,015**	**60,458**	66,155	45,029
Profit multiplied by the UK standard rate of corporation tax of 28% (2009: 28%)	**19,884**	**16,928**	18,523	12,608
Abortive acquisition costs and disposals	**156**	**156**	123	1,356
Other disallowables	**120**	**120**	56	56
Other allowable deductions	**(57)**	**(57)**	(57)	(57)
Non-qualifying depreciation	**3,459**	**6,415**	2,951	8,618
Deduction for share options and SIPs	**(1,139)**	**(1,139)**	(448)	(448)
Deferred tax on balance-sheet-only items	**32**	**32**	(194)	(2,403)
Adjustment in respect of change in tax rate	**(2,775)**	**(2,775)**	–	–
Total tax expense reported in the income statement	**19,680**	**19,680**	20,954	19,730

The main factor which causes the Company's tax rate to be higher than the UK standard rate of corporation tax is non-qualifying depreciation.

On 1 April 2011, the UK standard rate of corporation tax is set to fall to 27%.

6 Income tax expense continued

(c) Deferred tax

The deferred tax in the balance sheet is as follows:

	52 weeks ended 25 July 2010 Before exceptional items £000	52 weeks ended 25 July 2010 After exceptional items £000	52 weeks ended 26 July 2009 Before exceptional items £000	52 weeks ended 26 July 2009 After exceptional items £000
Deferred tax liabilities				
Accelerated capital allowances	**66,083**	**66,083**	66,075	66,827
Revaluation of land and buildings	**2,984**	**2,984**	5,507	3,298
Other timing differences	**6,512**	**6,512**	7,508	7,508
Deferred tax liabilities	**75,579**	**75,579**	79,090	77,633
Deferred tax assets				
Capital losses carried forward	**662**	**662**	686	686
Deferred tax on items taken directly to equity	**16,935**	**16,935**	18	10,080
Deferred tax assets	**17,597**	**17,597**	704	10,766
Deferred tax in the income statement:				
Accelerated capital allowances	**1,704**	**1,704**	(267)	485
Origination and reversal of timing differences	**(958)**	**(958)**	(95)	(2,082)
Capital losses carried forward	**–**	**–**	(122)	(122)
Adjustment in respect of change in tax rate	**(2,775)**	**(2,775)**	–	–
Deferred tax income	**(2,029)**	**(2,029)**	(484)	(1,719)

The Finance (No.2) Act 2010 was substantially enacted before the balance sheet date of 25 July 2010. It included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. The lower rate of 27% has been used to determine the overall net deferred tax liability.

The June 2010 budget also announced the intention to reduce further the main rate of corporation tax by 1% per annum to 24% by 1 April 2014. These further proposed rate reductions had not been substantively enacted at the balance sheet date and are not, therefore, included in the financial statements. The proposed reductions in the rate are expected to be enacted separately each year. The impact of the further changes in rate, from 27% to 24%, would be a £6.4m increase in profits for the year. The overall effect of the changes applied to the deferred tax balances at 25 July 2010 would be to increase profits for the year by £8.3m (being £2.8m recognised in July 2011, £2.8m in July 2012 and £2.7m in July 2013) and increase other comprehensive losses by £1.9m (being £0.7m recognised in July 2011, £0.6m in July 2012 and £0.6m in July 2013).

7 Earnings and cash flow per share

Earnings per share

Earnings per share has been calculated by dividing the profit attributable to equity holders of £40,778,000 (2009: £25,299,000) by the weighted average number of shares in issue during the year of 139,058,470 (2009: 138,826,552).

Earnings before exceptional items per share has been calculated before exceptional items detailed in note 3 and takes account of 59,032 (2009: 23,981) potential dilutive shares under option, giving a weighted average number of ordinary shares adjusted for the effect of dilution of 139,117,502 (2009: 138,850,533).

Adjusted earnings excludes exceptional items, as described in note 3, and a one-off adjustment, in respect of a tax-rate change, of £2,775,000.

Earnings per share	**Earnings 52 weeks ended 25 July 2010 £000**	Earnings 52 weeks ended 26 July 2009 £000	**Earnings per share 52 weeks ended 25 July 2010 pence**	Earnings per share 52 weeks ended 26 July 2009 pence
Earnings after exceptional items	**40,778**	25,299	**29.3**	18.2
Earnings before exceptional items	**51,335**	45,201	**36.9**	32.6
Adjusted earnings	**48,560**	45,201	**34.9**	32.6

Free cash flow per share

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

Free cash flow per share	**52 weeks ended 25 July 2010**	52 weeks ended 26 July 2009
Free cash flow (£000)	**71,344**	99,494
Free cash flow per share (pence)	**51.3p**	71.7p

8 Cash generated from operations

	52 weeks ended 25 July 2010 £000	52 weeks ended 26 July 2009 £000
Profit attributable to shareholders	**40,778**	25,299
Adjusted for:		
Tax	**19,680**	19,730
Exceptional items	**10,557**	21,920
Fair value gain on financial derivatives	**–**	(794)
Amortisation of intangible assets	**811**	878
Depreciation of property, plant and equipment	**42,620**	43,983
Lease premium amortisation	**268**	235
Share-based charges	**3,987**	3,592
Interest receivable	**(16)**	(336)
Amortisation of bank loan issue costs	**1,227**	334
Interest payable	**27,787**	30,848
	147,699	145,689
Change in inventories	**(1,957)**	(2,058)
Change in receivables	**(3,401)**	(2,689)
Change in payables	**11,064**	32,473
Net cash inflow from operating activities before exceptional items	**153,405**	173,415
Outflow related to exceptional items	**–**	(1,565)
Net cash inflow from operating activities after exceptional items	**153,405**	171,850

9 Analysis of changes in net debt

	At 26 July 2009 £000	Cash flows £000	Non-cash movement £000	**At 25 July 2010 £000**
Cash in hand	23,604	2,477	–	**26,081**
Debt due less than one year (note 19)	(101,845)	101,845	–	**–**
Debt due after one year (note 19)	(309,461)	(95,063)	(1,088)	**(405,612)**
Derivative financial instrument – fair value hedge	(476)	–	476	**–**
Bank borrowing	(388,178)	9,259	(612)	**(379,531)**
Finance lease creditor – due less than one year	(966)	966	(2,829)	**(2,829)**
Finance lease creditor – due after one year	(880)	(7,160)	2,009	**(6,031)**
Net borrowings	(390,024)	3,065	(1,432)	**(388,391)**
Derivative – interest-rate swaps	(35,996)	–	(25,395)	**(61,391)**
Net debt	(426,020)	3,065	(26,827)	**(449,782)**

10 Dividends paid and proposed

	52 weeks ended 25 July 2010 £000	52 weeks ended 26 July 2009 £000
Declared and paid during the year:		
Dividends on ordinary shares:		
– final dividend for 2008/09: 0.0p (2007/08: 7.6p)	**–**	10,439
– interim for 2009/10: 19.0p (2008/09: 0.0p)	**26,174**	–
Dividends paid	**26,174**	10,439
Proposed for approval by shareholders at the AGM:		
– final dividend for 2009/10: 0.0p (2008/09: 0.0p)	**–**	–

As detailed in the interim accounts, the board declared and paid a total dividend of 12.0p for the financial year ending 25 July 2010. The board also declared a special dividend of 7.0p. Both of these were paid on 1 April 2010.

11 Property, plant and equipment

	Freehold and long leasehold property £000	Short leasehold property £000	Equipment, fixtures and fittings £000	Expenditure on unopened properties £000	Total £000
Cost:					
At 27 July 2008	502,445	349,196	275,004	28,539	1,155,184
Additions	14,683	9,169	15,940	6,767	46,559
Transfers	11,114	1,061	244	(12,419)	–
Transfer from/to assets held for sale	93	–	–	(3,036)	(2,943)
Disposals	–	(1,011)	(1,065)	(1,751)	(3,827)
Reclassification	(1,945)	3,898	(1,621)	–	332
At 26 July 2009	526,390	362,313	288,502	18,100	1,195,305
Additions	6,566	2,633	16,576	62,174	87,949
Transfers	20,839	20,169	13,348	(54,356)	–
Transfer from assets held for sale	–	–	–	3,038	3,038
Disposals	(96)	(2,469)	(2,364)	(279)	(5,208)
At 25 July 2010	**553,699**	**382,646**	**316,062**	**28,677**	**1,281,084**
Depreciation and impairment:					
At 27 July 2008	57,294	76,402	228,747	–	362,443
Provided during the period	10,754	12,488	20,741	–	43,983
Impairment loss and depreciation adjustment	877	6,811	8,127	–	15,815
Disposals	–	(135)	(871)	–	(1,006)
Reclassification	7,053	34,458	(41,344)	–	167
At 26 July 2009	75,978	130,024	215,400	–	421,402
Provided during the period	10,204	12,375	20,041	–	42,620
Impairment loss	1,674	6,775	992	–	9,441
Disposals	(7)	(2,294)	(2,012)	–	(4,313)
Transfer from assets held for sale	–	–	–	1,220	1,220
At 25 July 2010	**87,849**	**146,880**	**234,421**	**1,220**	**470,370**
Net book amount at 25 July 2010	**465,850**	**235,766**	**81,641**	**27,457**	**810,714**
Net book amount at 26 July 2009	450,412	232,289	73,102	18,100	773,903
Net book amount at 27 July 2008	445,151	272,794	46,257	28,539	792,741

11 Property, plant and equipment continued

Impairment of property, plant and equipment

The Company considers each trading outlet to be a separate CGU, with each CGU reviewed annually for indicators of impairment.

In assessing whether an asset has been impaired, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use.

The Company estimates value in use using a discounted cash flow model, based on the expected future trading performance anticipated by management. There is a significant number of interconnected assumptions which underpin the value-in-use calculations. However, the underlying basis for the impairment model involves each CGU's projected cash flow for the financial year ending 24 July 2011, extrapolated to incorporate individual assumptions, in respect of sales growth, gross margin and cost-savings for that specific CGU. In establishing the value of the CGU's future cash flows, the board has approved a set of overall projections which it considers to be prudent.

The pre-tax discount rate employed by the Company this year was 10.0% (2009: 10.0%).

The board approved the discount rate, considering it to be prudent, yet reflective of the current economic climate.

As a result of this exercise, impairment losses in 2010 were £10,557,000 (2009: £6,527,000). £9,441,000 of this impairment charge relates to property, plant and equipment, as reflected in the preceding table, while £1,117,000 relates to other non-current assets, as described in note 13.

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

During the previous year, a review of the fixed-asset register was undertaken. As a result, a one-off depreciation adjustment of £9,288,000 was taken in property, plant and equipment, following a review by management in respect of certain assets which were not being depreciated in line with the Company's accounting policy. At the same time, management reclassified certain assets and certain accumulated depreciation to the correct statutory headings within property, plant and equipment, intangible assets and other non-current assets.

Finance leases

The carrying value of fixed assets held under finance leases at 25 July 2010, included within equipment, fixtures and fittings, was as follows:

	2010 £000	2009 £000
Cost	**13,915**	4,838
Accumulated depreciation	**(5,456)**	(2,485)
Net book amount	**8,459**	2,353

12 Intangible assets

	IT software costs £000
Cost:	
At 27 July 2008:	13,175
Additions	1,487
Reclassification	(328)
At 26 July 2009	14,334
Additions	2,653
At 25 July 2010	**16,987**
Amortisation	
At 27 July 2008	8,758
Amortisation during the period	878
Amortisation adjustment	6
Reclassification	(166)
At 26 July 2009	9,476
Amortisation during the period	811
At 25 July 2010	**10,287**
Net book amount at 25 July 2010	**6,700**
Net book amount at 26 July 2009	4,858
Net book amount at 27 July 2008	4,417

Amortisation of £811,000 (2009: £878,000) is included in the cost of sales in the income statement.

Intangible assets include a carrying value of £2,800,000 in respect of development costs for the Company's till upgrade. Remaining amortisation period is 10 years.

As disclosed within property, plant and equipment (note 11), a review of the Company's fixed assets in the previous year resulted in a one-off depreciation adjustment of £6,000 in intangible assets.

Included within the intangible assets is £903,000 of assets under construction.

13 Other non-current assets

	Lease premiums £000
Cost:	
At 27 July 2008	8,819
Additions	931
Reclassification	(4)
At 26 July 2009	9,746
Additions	3,636
Disposals	(219)
At 25 July 2010	**13,163**
Amortisation	
At 27 July 2008	1,543
Amortisation during the period	235
Reclassification	(1)
At 26 July 2009	1,777
Amortisation during the period	268
Impairment charge (note 11)	1,117
At 25 July 2010	**3,162**
Net book amount at 25 July 2010	**10,001**
Net book amount at 26 July 2009	7,969
Net book amount at 27 July 2008	7,276

14 Inventories

	2010 £000	2009 £000
Goods for resale at cost	**19,911**	17,954

15 Other receivables

	2010 £000	2009 £000
Other receivables	**5,936**	3,006
Prepayments and accrued income	**13,791**	13,320
	19,727	16,326

16 Assets held for sale

As at 25 July 2010, no sites were classified as held for sale (2009: 3 sites).

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

	2010 £000	2009 £000
Property, plant and equipment	–	1,135

During the year under review, management took the decision to develop the three sites which had previously been held for sale. One of these sites has subsequently begun trading, while the other two remain under development at 25 July 2010.

At the time of transferring these assets back into property, plant and equipment, management considered the recoverable amount of these assets and consequently reversed £683,000 worth of impairment losses previously recognised. This decision was taken based on the actual performance of the trading site and the expected returns on the two sites which remain under development.

17 Cash and cash equivalents

	2010 £000	2009 £000
Cash at bank and in hand	**26,081**	23,604

Average maturity is nil days (2009: nil days).

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

18 Trade and other payables

	2010 £000	2009 £000
Trade payables	**87,757**	73,770
Other payables	**5,737**	6,118
Other tax and social security	**21,999**	19,391
Accruals and deferred income	**47,060**	44,433
	162,553	143,712

19 Financial liabilities

	2010 £000	2009 £000
Current		
Finance lease obligations	**2,829**	966
Overdraft	**–**	15,103
$140,000,000 US senior loan notes	**–**	86,742
Total current financial liabilities	**2,829**	102,811
Non-current		
Bank loans		
Variable rate facility	**405,612**	309,460
Other		
Finance lease obligations	**6,031**	880
Total non-current financial liabilities	**411,643**	310,340

20 Financial instruments

For a discussion on the risk management as well as the financial risks associated with financial instruments, please refer to section 2 which details the risks and uncertainties facing the company.

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

Maturity profile of financial liabilities

	Within 1 year £000	1–2 years £000	2–3 years £000	3–4 years £000	4–5 years £000	More than 5 years £000	Total £000
As at 25 July 2010							
Bank loans	12,969	12,969	12,969	423,208	–	–	462,115
Other long-term payables	641	642	642	642	642	4,741	7,950
Finance lease obligations	3,281	2,817	2,193	1,678	–	–	9,969
Derivatives	18,884	18,884	18,884	18,884	10,246	7,247	93,029

	Within 1 year £000	1–2 years £000	2–3 years £000	3–4 years £000	4–5 years £000	More than 5 years £000	Total £000
At 26 July 2009							
Bank loans	3,338	325,442	–	–	–	–	328,780
US senior loan notes	88,539	–	–	–	–	–	88,539
Other long-term payables	558	527	527	527	542	4,320	7,001
Finance lease obligations	1,121	1,121	(110)	(33)	–	–	2,099
Derivatives	16,584	17,757	17,757	17,757	17,757	16,385	103,997

The Company has total UK committed loan facilities of £550m (2009: £455m) which comprise a £530-million unsecured-term revolving-loan facility and an overdraft facility of £20 million, maturing in March 2014. All UK-committed loan facilities are at floating rates, based on LIBOR. The Company has entered into swap agreements which fix £400 million. The effective weighted average of all of the swap agreements entered into is 5.47% (2009: 5.74%), fixed for a weighted average period of 4.9 years (2009: 4.3 years).

At the balance sheet date, £415 million (2009: £310 million) was drawn down under the £530-million unsecured-term revolving-loan facility, with interest rates set for periods of between one and six months, at which point monies are repaid and, if appropriate, redrawn.

In September 1999, the Company issued $140-million of unsecured US senior loan notes due in September 2009, carrying a fixed rate of interest of 8.48%. The Company entered into currency and swap agreements, covering the duration of these notes, which removed all US dollar exposure by fixing the exchange rate at a weighted average of £1:$1.605 and converting the interest rate to one based on LIBOR. The Company repaid the $140 million loan notes in September 2009 and no longer has any significant foreign currency risk.

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

	2010 £000	2009 £000
Analysis of interest-rate profile of the financial liabilities		
Floating-rate borrowings	**5,612**	11,306
Fixed-rate borrowings:		
– bank loans	**400,000**	400,000
– finance lease obligations	**8,860**	1,846
	414,472	413,152

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

20 Financial instruments continued

Financial assets

Financial assets at the balance sheet date comprised:

	2010 £000	2009 £000
Cash and short-term deposits	**26,081**	23,604
Other receivables	**5,936**	3,006

All cash and short-term deposits are floating-rate financial assets, earning interest at commercial rates.

Obligations under finance leases

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

	2010 £000	2009 £000
Within one year	**3,281**	1,122
In the second to fifth year, inclusive	**6,688**	978
	9,969	2,100
Less future finance charges	**(1,109)**	(254)
Present value of lease obligations	**8,860**	1,846
Less amount due for settlement within one year	**(2,829)**	(966)
Amount due for settlement during the second to fifth year, inclusive	**6,031**	880

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

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the financial instruments carried in the financial statements.

	2010 Book value £000	2010 Fair value £000	2009 Book value £000	2009 Fair value £000
Financial assets				
Loans and receivables				
Cash and cash equivalents	**26,081**	**26,081**	23,604	23,604
Other receivables	**5,936**	**5,936**	3,006	3,006
Financial liabilities				
Other financial liabilities				
Trade and other payables	**(162,553)**	**(162,553)**	(143,712)	(143,712)
Finance lease obligations	**(8,860)**	**(9,334)**	(1,846)	(1,914)
Short-term borrowings	**–**	**–**	(15,103)	(15,103)
Long-term borrowings	**(405,612)**	**(416,969)**	(309,461)	(325,462)
Liabilities at fair value through profit or loss				
Short-term borrowings	**–**	**–**	(86,742)	(86,742)
Derivatives				
Interest-rate, currency and basis swaps	**(61,391)**	**(61,391)**	(36,474)	(36,474)

20 Financial instruments continued

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

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

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

Interest-rate swaps

At 25 July 2010, the Company had fixed-rate swaps designated as hedges of floating-rate borrowings. The floating-rate borrowings are interest-bearing borrowings at rates based on LIBOR, fixed for periods of up to six months.

The interest-rate swaps in place were judged to be effective. An unrealised loss of £61,391,000 (2009: a loss of £35,934,000), with a deferred tax credit of £16,570,000 (2009: a credit of £10,062,000), relating to the hedging instrument, is included in equity for the year.

Fair value of financial assets and liabilities

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

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

The fair value of the interest-rate swap of £61.4m is considered to be level 2. All other financial assets and liabilities are measured in the balance sheet at amortised cost.

21 Other liabilities

	2010 £000	2009 £000
Operating lease incentives	**8,153**	6,443
Amount held in respect of gaming machine settlement under appeal by HMRC	**14,941**	–
Other liabilities	**23,094**	6,443

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

The weighted average period to maturity of operating lease incentives is 16.3 years (2009: 15.8 years).

Also included is an amount held in respect of the Company's gaming machine VAT claim. A decision was released during the period in respect of Rank plc's gaming claim, and this latest ruling fell in the taxpayer's favour. As a result, the Company was able to further pursue its own gaming claim which was submitted in January 2006. HMRC agreed to make a repayment of the existing claim, subject to the Company providing a guarantee to HMRC that, in the event that the existing decision is overturned in a higher court, the amount will be repayable in full. HMRC has lodged an appeal with the European Court of Justice in respect of Rank plc's decision. The Company is holding the repayment amount of £14,941,000 as a liability, until the Rank plc case has reached its final conclusion.

22 Financial commitments

The Company has entered into commercial leases on certain properties. The terms of the leases vary; however, on inception, a property lease will be for a period of up to 30 years. Most property leases have upwards-only rent reviews, based on open-market rent at the time of the review.

The minimum contractual operating lease commitments fall due as follows:

Land and building

	2010 £000	2009 £000
Within one year	**59,030**	57,997
Between one and five years	**224,132**	197,571
After five years	**952,502**	912,458
	1,235,664	1,168,026

The Company has operating lease commitments, with rentals determined in relation to sales. An estimate of the future minimum rental payments under such leases of £52 million (2009: £23 million) is included above.

23 Related-party disclosures

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

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

Key management compensation:

	2010 £000	2009 £000
Salaries and short-term employee benefits	**3,301**	3,111
Post-employment pension benefits	**255**	216
Termination benefits	**–**	92
Share-based charges	**420**	1,648
	3,976	5,067

For additional information with respect to directors' emoluments, please refer to the directors' remuneration report included in section 2.

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

24 Share capital

	Number of shares 000s	Share capital £000
At 27 July 2008	138,771	2,775
Allotments	203	4
At 26 July 2009	138,974	2,779
Allotments	151	4
At 25 July 2010	**139,125**	**2,783**

The total authorised number of 2p ordinary shares is 500 million (2009: 500 million). All issued shares are fully paid. Proceeds from the issuance of shares amounted to £523,000 (2009: £580,000).

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

25 Share-based payments

Movements in the year

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

(a) Executive Share Option Plan

	2010 Number	2010 WAEP	2009 Number	2009 WAEP
Outstanding at beginning of the year	–	–	17,000	167.0
Lapsed in the year	–	–	–	–
Exercised in the year	–	–	(17,000)	167.0
Outstanding at the end of the year	–	–	–	–
Weighted average contractual life remaining for share options outstanding at the year end	–		–	
Range of exercise prices for options outstanding at the year end				
– from	–		–	
– to	–		–	

(b) New Discretionary Share Option Scheme

	2010 Number	2010 WAEP	2009 Number	2009 WAEP
Outstanding at beginning of the year	**203,805**	**350.1**	384,035	328.4
Lapsed in the year	**(4,617)**	**352.9**	(25,654)	347.9
Exercised in the year	**(131,892)**	**353.3**	(154,576)	296.6
Outstanding at the end of the year	**67,296**	**343.7**	203,805	350.1
Weighted average contractual life remaining for share options outstanding at the year end	**0.8 years**		1.3 years	
Range of exercise prices for options outstanding at the year end				
– from	**339.0p**		333.8p	
– to	**361.0p**		361.0p	

25 Share-based payments *continued*

(c) 2001 Executive Scheme

	2010 Number	2010 WAEP	2009 Number	2009 WAEP
Outstanding at beginning of the year	**82,405**	**301.5**	121,215	301.5
Lapsed in the year	**(2,991)**	**301.5**	(7,933)	301.5
Exercised in the year	**(19,304)**	**301.5**	(30,877)	301.5
Outstanding at the end of the year	**60,110**	**301.5**	82,405	301.5
Weighted average contractual life remaining for share options outstanding at the year end	**2.1 years**		3.1 years	
Exercise price for options outstanding at the year end	**301.5p**		301.5p	

At 25 July 2010, there were 138 members of the New Discretionary Share Option (NDSO) scheme, with average shareholdings of 488; there were 246 members of the 2001 executive (2001 scheme), with average option-holdings of 244.

The exercise of an option under the NDSO and 2001 scheme will, in accordance with institutional shareholder guidelines, be conditional on the achievement of performance conditions. In respect of the NDSO and 2001 scheme, options are exercisable three years after they have been granted and only if the Company's normalised earnings per share (excluding exceptional items), over any three-year period, have exceeded the growth in the RPI by an average of at least 3% per annum.

Fair value of share based payments is determined with reference to market prices.

FINANCIAL RECORD for the five years ended 25 July 2010

	2006 £000	2007 £000	2008 £000	2009 £000	**2010 £000**
Sales and results					
Revenue from continuing operations	847,516	888,473	907,500	955,119	**996,327**
Operating profit before exceptional items	83,616	91,113	90,457	97,001	**100,013**
Exceptional items	–	–	(3,275)	(21,920)	**(10,557)**
Finance income	124	206	337	336	**16**
Finance costs	(25,352)	(29,295)	(32,566)	(31,182)	**(29,014)**
Fair value (loss)/gain on financial derivatives	–	–	(794)	794	**–**
Profit on ordinary activities before taxation	58,388	62,024	54,159	45,029	**60,458**
Taxation	(18,487)	(15,190)	(18,624)	(19,730)	**(19,680)**
Profit for the year	39,901	46,834	35,535	25,299	**40,778**
Net assets employed					
Non-current assets	756,688	793,495	805,017	797,496	**845,012**
Net current liabilities	(81,701)	(78,731)	(80,806)	(199,468)	**(111,164)**
Non-current liabilities	(383,873)	(456,567)	(458,732)	(346,259)	**(473,034)**
Provision for liabilities and charges	(89,539)	(85,590)	(84,932)	(84,076)	**(98,673)**
Shareholders' funds	201,575	172,607	180,547	167,693	**162,141**
Ratios					
Operating margin (excluding exceptional items)	9.9%	10.3%	10.0%	10.2%	**10.0%**
Basic earnings per share (excluding exceptional items)	24.1p	28.1p	27.6p	32.6p	**34.9p**
Free cash flow per share	42.1p	35.6p	50.6p	71.7p	**51.3p**
Dividends per share (interim and final)	4.70p	12.0p	12.0p	0.0p	**19.0p**

Notes to the financial record

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

SECTION 2

AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRSs

The financial statements of J D Wetherspoon plc (the 'Company') for the year ended 25 July 2010 were authorised for issue by the board of directors on 10 September 2010, and the balance sheet was signed on the board's behalf by J Hutson and K Down. J D Wetherspoon plc is a public limited company, incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

The Company's financial statements have been prepared in accordance with the EU-endorsed IFRSs and IFRIC interpretations as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out on pages 39 to 44.

Basis of preparation
The financial statements of the Company have been prepared in accordance with IFRSs as adopted by the EU, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The Company's financial statements are presented in sterling, with all values rounded to the nearest thousand pounds (£000), except where otherwise indicated. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 25 July 2010; they have been consistently applied.

Financial risk factors are disclosed in the Finance review included in section 1, as well as within the discussion of risks and uncertainties facing the company, included in section 2.

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

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

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

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

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

Hedging
The Company applies assumptions on future transactions which would alter upon future borrowings critical in the effectiveness calculations of its cash flow hedges. If these transactions were not to occur, it may result in all or part of the cumulative gain or loss which had been originally reported in equity, being transferred to the income statement.

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

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

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

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

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

Freehold land is not depreciated.

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

Short leasehold buildings are depreciated over the lease period.

Equipment, fixtures and fittings are depreciated over 3 to 10 years.

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

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

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

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

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

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

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

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

Computer software – 3 to 10 years

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

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

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

Inventories
Inventories are stated at the lower of cost and net realisable value. The cost of finished goods includes appropriate overheads. Cost is calculated on the basis of 'first in, first out', with net realisable value being the estimated selling price, less any costs of disposal.

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

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

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

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

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

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

Lease incentives
Lease incentives are recognised as a reduction of rental expense to the break clause.

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

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

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

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

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

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

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

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

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

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

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

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

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

Other receivables
Other receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

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

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

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

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

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

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

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

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

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

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

Interest-rate swaps
Interest-rate swaps are used to reduce exposure to variability in short term interest rates.

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

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

Fair value hedges
For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged; the derivative is remeasured at fair value, and gains and losses from both are taken to the income statement within 'fair value gain/loss on financial derivatives'. When an unrecognised firm commitment is designated as a hedged item, this gives rise to an asset or liability in the balance sheet, representing the cumulative change in the fair value of the firm commitment attributable to the hedged risk.

The Company discontinues fair value hedge accounting, if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Company revokes the designation.

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

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

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

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

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

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

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

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

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

The Company has taken advantage of the transitional provision of IFRS 1, in respect of equity-settled awards, so as to apply IFRS 2 only to those equity-settled awards granted after 7 November 2002 which had not vested before 1 January 2005.

New standards and interpretations effective in the current year:

IFRS 1 (revised) 'First-time adoption':
This revised standard does not contain any technical changes, as it merely improves the structure which had become complex, owing to the numerous amendments in recent years. The adoption of the amendment had no impact on the Company's results or financial position.

IFRS 8: 'Operating segments':
This standard has had no impact on the Company, as it operates only in a single segment (that of public houses) and single geography (United Kingdom); this also forms the basis on which the business is managed.

Annual improvements to IFRSs 2008:
This standard improves current standards and amends 20 others as well as certain basis of conclusions and guidance. The improvements include changes in presentation, recognition and measurement, plus in terminology and editorial.

Amendment to IFRS 7 'Financial instruments:
Disclosures' on 'fair value hierarchy':
The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level, using a fair value measurement hierarchy. As the change in accounting policy results in additional disclosures only, there is no impact on earnings per share.

Amendment to IFRS 2 'Share-based payments', on 'Vesting conditions and cancellations':
The amended standard changes the definition of vesting conditions and prescribes the accounting treatment of an award which is effectively cancelled, owing to non-vesting conditions not being satisfied. The adoption of the amendment had no impact on the Company's results or financial position.

IAS 1 (revised) 'Presentation of financial statements':
The revised standard introduces the statement of comprehensive income which presents all items of recognised income and expense in either one single statement or two linked statements. The Company has elected to present two statements and to retain the current names of the primary statements, with the exception of the 'Statement of recognised gains & losses' which has been renamed to become 'Statement of comprehensive income'.

IAS 23 (revised) 'Borrowing costs':
The revised statement requires the capitalisation of borrowing costs, when such costs relate to an asset which necessarily takes a substantial amount of time to get ready for its intended use or sale. The adoption of the revised standard had no impact on the Company's results or financial position.

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

Amendment to IAS 39 'Financial Instruments: Recognition and measurement' on 'Eligible hedged items'

IFRS 3 (revised) 'Business combinations'

IAS 27 (revised) 'Consolidated and separate financial statements'

Amendments to IFRIC 9 and IAS 39, regarding embedded derivatives

Amendment to IFRS 1 'First-time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements', on the 'Cost of an investment in a subsidiary, jointly controlled entity or associate'

Amendment to IAS 32 'Financial instruments: Presentation' and IAS 1 'Presentation of financial statements', on 'Puttable financial instruments and obligations arising on liquidation'

IFRIC 18 'Transfer of assets from customers'

IFRIC 17 'Distributions of non-cash assets to owners'

IFRIC 16 'Hedges of a net investment in a foreign operation'

IFRIC 15 'Agreements for construction of real estates'

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

IAS 24 (revised) 'Related-party disclosures':
This amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.

Amendment to IAS 32 'Financial instruments: Presentation' on classification or rights issues:
The amendment addresses the accounting for rights issues (rights, options or warrants) which are denominated in a currency other than the functional currency of the issuer. Before the amendment, such rights issues were accounted for as derivative liabilities.

Amendments to IFRS 2 'Share-based payments' on group cash-settled transactions:
These amendments provide a clear basis to determine the classification of share-based payment awards, in both consolidated and separate financial statements.

Annual improvements 2009:
This is a collection of amendments to 12 standards as part of the IASB programme of annual improvements.

IFRS 9 'Financial instruments', on 'Classification and measurement':
This is the first part of a new standard on classification and measurement of financial assets which will replace IAS 39.

Annual improvements 2010:
This set of amendments includes changes to six standards and one IFRIC and is based on the exposure draft issued in August 2009.

IFRIC 19 'Extinguishing financial liabilities with equity instruments':
This interpretation clarifies the accounting when an entity renegotiates the terms of its debt, with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor.

Amendment to IFRIC 14 'Prepayments of a minimum funding requirement':
This amendment will have a limited impact, as it applies only to those companies which are required to make minimum funding contributions to a defined-benefit pension plan.

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

The accounting policies outlined above are an integral part of the financial statements.

RISKS AND UNCERTAINTIES FACING THE COMPANY

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

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

Regulatory risks

Regulation of the sale of alcohol

As a result of the high level of regulation in the industry in which the company operates, any changes to regulation may have an impact on the business. In particular, owing to the regulatory authority's intention to increase alcohol duties over the foreseeable future, there is a risk that the company's sales and margins may face increasing pressure. These are, however, risks faced by the entire industry in which the company operates.

Health and safety

It is important to provide a safe environment in which the company's employees work, as well as safe facilities for patrons to enjoy. Therefore, the company has policies to ensure that all reasonable standards of health and safety are met. These include a process by which risks are identified in a timely manner and remedied accordingly, including a comprehensive training programme to assist employees in this regard.

Economic and market conditions

Economic outlook

Since the company operates in the retail sector, any continued period of weak economic growth may affect the company's performance. It is for this reason that the company continually assesses its customer offering, to ensure that it delivers quality products at good value, in a welcoming environment. In achieving this, the company will ensure that it remains competitively placed in the market in which it operates.

Property values have been affected by the economic downturn; this, consequently, can have an impact on the value of the company's assets. However, given that the company has not revalued freehold sites since 1999, we do not believe that there is a material difference between the current market values and the book values held on the balance sheet. The company's primary focus is to trade from its estate successfully and to maximise the profitability of its pubs. The continuing weak property market provides the company with further opportunities to add to its estate portfolio. This year, the company has opened 47 pubs, with a significantly lower development cost per square foot than the company's historic average.

Cost increases

In the year, the company secured new bank funding through to March 2014. The new facility comes at a higher margin and will lead to additional interest costs, in future. Interest costs and inflationary pressures on the company's inputs pose a risk to margins. The company seeks to minimise the potential effects of this risk by continuing to foster mutually beneficial and long-term relationships with its suppliers, while working hard across the business to continue to drive down costs in all areas and achieve productivity gains, so as to minimise the effect of any price increases.

Operational risks

Reputational risk

The company is aware that, in operating in a consumer-facing business, its business reputation, built over many years, can be damaged in a significantly shorter timeframe. As such, there is an ever-present focus on improving controls to ensure that the company operates its business model through focus on delivering consistently high-quality service and products, within a well-maintained environment.

Supply chain risks

Food and drink sales account for a significant proportion of sales; therefore, it is fundamental to our operations that we should be able to supply our pubs with the required goods and services to operate. As a company, we work closely with our third-party suppliers, producers and supply-chain partners to ensure that our relationships with them are positive, at all times.

Head office and distribution centre

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

Information technology

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

Capital risk management

When managing capital, the Company's objectives are to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust debt and equity levels (together referred to as capital), the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, adjust the investment in new properties and sell assets to reduce debt.

The Company considers its capital to be its allotted share capital and its reserves (which are disclosed on the statement of changes in shareholders' equity on page 13) and monitors its capital on the basis of free cash flow per share (which is disclosed in the cash flow statement on page 11). In generating free cash flow, the Company uses the cash to provide returns for shareholders by investing in new acquisitions, to buy back shares, to pay dividends or to reduce the Company's debt, while ensuring that the Company has enough funds to meet its working capital requirements and to comply with its banking covenants. All covenants were complied with during the year under review.

Financial risks

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest-rate risk), credit risk and liquidity risk. The Company's overall risk-management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposure.

a) Market risk

i) Foreign exchange risk

The Company operates only in the UK, so substantially all transactions are denominated in sterling; therefore, the Company does not suffer from significant foreign exchange risk.

ii) Interest-rate risk

The Company's policy is to manage its cost of borrowings by using predominantly fixed rates, in order that the Company not be exposed to cash flow interest-rate risks.

The Company manages its cash flow interest-rate risk by using floating-to-fixed interest-rate swaps. Such interest-rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The Company raises long-term borrowings at floating rates and swaps them into fixed rates which are lower than those available if the Company had borrowed at the fixed rates directly. Under the interest-rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts, calculated by reference to the agreed notional amounts.

During the year ended 25 July 2010, if the interest rates on UK-denominated borrowings had been 1% higher, with all other variables constant, pre-tax profit for the year would have been reduced by £85,800 and equity increased by £18,800,000. The movement in equity arises from change in the 'mark to market' valuation of the interest-rate swaps into which the Company has entered, calculated by a 1% shift of the market yield curve. The Company considers that a 1% movement in interest rates represents a reasonable sensitivity to potential changes. However, this analysis is for illustrative purposes only.

b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to receivables, principally on income received from sublets and sundry income. The Company does not have significant concentration of credit risk, as significantly the majority of revenue is cash-based.

At the balance sheet date, the company was exposed to a maximum credit risk of £5.9 million, of which £507,000 was overdue. The company holds no collateral for these receivables, and no impairment to receivables was deemed necessary at the balance sheet date.

Where there are risks, the Company's policies are aimed at minimising losses. Cash deposits with financial institutions and derivative transactions are permitted with investment-grade financial institutions only. On income received from sublets, the Company seeks to offer leases to tenants who can demonstrate an appropriate payment history and suitable credit-worthiness. Sundry income is predominantly derived from the Company's current suppliers; so, any potential credit risks are mitigated by offsetting against the liability with the supplier.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Owing to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts on the Company's liquidity reserve, on the basis of expected cash flow, through an assessment of short-, medium- and long-term forecasts. In monitoring the cash flow, a key management priority is to ensure that there are enough funds to meet creditors, while monitoring that the Company is within its banking covenants.

We have audited the financial statements of J D Wetherspoon plc for the year ended 25 July 2010 which comprise the Income Statement, Statement of Comprehensive Income, the Cash Flow Statement, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the related notes and the accounting policies. The financial reporting framework which has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 54 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 25 July 2010 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 65 to 68 with respect to internal control and risk-management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

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

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

Under the Listing Rules, we are required to review:

- the directors' statement, set out on page 54, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Andrew Paynter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 September 2010

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

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

The Company aims to be a central part of the local communities in which it trades, managing its responsibilities from both corporate and social perspectives. The Company's corporate social responsibility (CSR) plan identifies key areas covering: people; responsible retailing; community and charity; environment; ethical working; health and safety; quality of food or drink products.

The CSR group meets to progress business initiatives outlined in the CSR plan.

Highlights in the year

- £890,660 raised for CLIC Sargent (a charity involved in supporting families affected by cancer and leukaemia) in the year (£3.5m in total)
- 13,608 tonnes of material recycled
- 144 Loo of the Year awards for our pubs in 2010
- 1,000 training courses held for 15,000 staff

People

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

The Company created over 2,400 new jobs in 2009/10, through new openings and opening earlier, to offer breakfast. All of these jobs are made available to the government's New Deal clients (a programme aimed at reducing unemployment). We are also working with other agencies to offer jobs to the long-term unemployed.

Providing a good service to our customers starts with our employees, so high standards of training are vital.

In relation to training, the Company held over 1,000 separate training courses in 2009/10, attended by 15,000 delegates, and promoted 1,500 bar and kitchen staff to shift leader or management positions.

In addition, the Professional Diploma in Leisure Retail Management, run in conjunction with Leeds Metropolitan University, is offered to all pub managers and area managers in Wetherspoon. We believe this diploma to have been the first in-house programme in the licensed trade which allows employees to gain a professional qualification while working. The programme was extended to include a 'degree top-up', also in conjunction with Leeds Metropolitan University. The degree programme, now in its fifth year, provides managers with an alternative to full-time study.

The quality and volume of the Company's training courses help to create motivation and to provide employees with the necessary skills to carry out their jobs to a high standard.

In August 2009, the Company was awarded a funding contract with the Learning and Skills Council (now the Skills Funding Agency) to offer a level 2 apprenticeship and skills for life qualification (numeracy and literacy). By August 2010, the Company had 168 apprentices and 220 employees who had signed up for the numeracy and literacy training. As part of this process, the Company has signed the Skills Pledge – a voluntary public commitment, made by the Company, to develop the skills of employees and support their working towards nationally recognised qualifications.

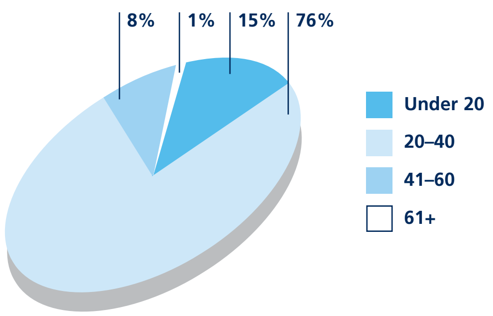
The Company has increased the range of nationally recognised qualifications available to its employees. From August 2010, as well as the apprenticeship programme, employees can gain access to two new qualifications – a level 2 NVQ diploma in beverage services and a level 2 NVQ diploma in kitchen services.

The Company is committed to equal opportunities and the elimination of discrimination, harassment and victimisation of employees. This is achieved through the application of employment policies to ensure that individuals receive fair and consistent treatment. At the time of printing, 50% of the workforce is female and 50% male.

The Company has also been recognised as an 'Age Positive' employer, by the Department for Work and Pensions, and has been recognised by the Corporate Research Foundation, in association with The Guardian newspaper, as one of 'Britain's Top Employers', for seven consecutive years, including 2010.

An analysis of the age profile of our workforce is below.

Employees by age



In addition to competitive pay rates, the Company's bonus and share scheme are widely available to employees, depending on their length of service. In this connection, the Company awarded bonuses and shares (SIPs) for employees of £22.5m in the year, an increase of 10% (2009: £20.5m). Of the payments, 95% were made to employees below board level, with approximately 88% of payments made to employees working in our pubs. In addition to this, all employees are able to join the Company health plan, pension plan and also obtain tax-efficient childcare vouchers.

Responsible drinks retailing
The Company supports practices which promote responsible drinking and has developed several initiatives and policies to ensure that it acts in a responsible manner in this area.

The Company seeks to develop close partnerships with local authorities and the police. All pubs are requested to become a member of the local pubwatch, if one exists, to assist in building relationships across the community. Pubwatch is a voluntary scheme which aims to promote a safe and secure drinking environment, helping to reduce alcohol-related crime. Where there is no pubwatch scheme, we are willing to work with the local police and council to establish one. A Company representative sits on the National Pubwatch committee – and the business financially supports the Drinkaware Trust, the British Institute of Innkeeping and the Portman Group.

The Company was the inaugural winner of the 'Responsible Drinks Retailing Award', jointly sponsored by the Home Office, and is the only company to have received the award twice.

In addition, we encourage our pubs to enter their local 'Best Bar None' (a scheme run by local authorities and the police to encourage good behaviour in town centres) schemes, promoting a safe and secure environment, with a Company representative sitting on the strategy committee.

Community and charity
Historically, pubs have always been a focal point of many communities. The Company's aim is to continue that tradition by supporting and building relationships with the local community, through employment and investment, while providing a convivial meeting place. Ensuring that we provide full access for those with disabilities is a priority. The Company encourages the use of local suppliers and businesses, where it is practicable to do so.

Charitable giving

The Company is the largest single corporate fund-raiser for the CLIC Sargent charity (caring for children with cancer), a partnership now in its eighth consecutive year, raising £3.5 million to date, with a pledge to attempt to raise a further £600,000 annually. During the past financial year, Company employees and customers have raised £890,660.

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

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

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

We were delighted to be awarded an Environmental Hero Award from David Bellamy, in the year.

Energy-efficiency

The Company has created an 'energy group' which is responsible for improving our pubs' energy-efficiency. In the last two years, the Company undertook an installation programme, ensuring that 85% of the pubs in our estate now have an AMR electricity meter ('smart meter') or a half-hourly electricity meter. This has provided the Company with the information to report and communicate energy consumption effectively.

The Company regularly communicates ideas and initiatives to pubs about how they could reduce their energy consumption. This is supported by weekly management reporting to pubs, including energy consumption for the previous week, an energy-efficiency rating and 'energy-saving top tips'. Many of these top tips were generated through a Company suggestion scheme. Staff are reminded to participate in the 'Save It' campaign – switching off lights and equipment, when not in use.

We have been working with Carbon Statement (a company which is committed to helping organisations, together with those within them, to tackle climate change, through reducing carbon emissions) to measure each pub's carbon footprint. Carbon Statement produces a weekly carbon emissions report for each pub. This details the amount of carbon dioxide (CO_2) emitted by each pub through energy usage and waste disposal, as well as the CO_2 emission reduction through recycling.

Carbon Statement has been assisting us in complying with the government's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, which started in April 2010.

We are also working towards obtaining the Carbon Trust Standard – this certifies that a company has measured, managed and reduced its carbon emissions.

The Company's energy group has been trialling energy-efficient LED lighting over the last year; we are now looking to install this in several locations.

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

Reduce
The Company has been working with suppliers, to reduce packaging materials brought into the pubs. Through changing the size and type of packaging for onion rings, steaks, mixed grills and curries, we have been able to reduce the amount of packaging as follows:

PLASTIC	47.8 tonnes
CARDBOARD	66 tonnes
PAPER	1 tonne

This leads to fewer deliveries and reduces the number of road miles required.

Reuse
By reusing the crates in which our mushrooms are delivered, 31.9 tonnes of plastic are being reused annually.

Recycle
The Company recycles ordinary materials, generated as a consequence of daily business. During the financial year, the Company recycled 6,457 tonnes of waste, an increase of 11.5%, year on year. This included 34 tonnes of aluminium, 3,629 tonnes of cardboard, 2,118 tonnes of cooking oil, 419 tonnes of paper, 175 tonnes of plastic and 82 tonnes of steel.

Glass-recycling will continue to be a major focus for the current year. The business generates over 34,000 tonnes of glass per annum. The Company has joined forces with Biffa, our waste-disposal partner, to roll out glass-recycling across the estate. The Company successfully recycled 7,151 tonnes of glass in the year and aims to increase this to 75% of the glass supplied to pubs.

Year	Tonnes of waste recycled
2006	4,047
2007	5,076
2008	5,281
2009	5,790
2010	**6,457**

Year	Tonnes of glass recycled
2006	–
2007	–
2008	5,000
2009	6,000
2010	**7,151**

In addition, the Company has a dedicated distribution centre for its food, bottled drinks and non-consumable products. This means that lorries returning from deliveries can recycle materials from the pubs, thereby saving road miles. In 2009, the Company was awarded a Certificate of Environmental Achievement, by Daventry District Council, in recognition of the excellent waste-minimisation progress achieved to date.

Food information and quality
The Company aims to improve the quality of its food offerings continually and to provide customers with the required information about our product range, to allow them to make informed decisions about their food consumption. This includes nutritional information for all dishes via our Web site and a printed leaflet, available in pubs. This information also includes guideline daily amounts. Several healthy dishes with fewer calories have been introduced and highlighted on the menu in the last year.

The menu is coded, so that customers can see those dishes which contain 5% fat or less or which count towards the government's five-a-day fruit-and-vegetable target. Information on the Company's Web site also provides details for those with food allergies or intolerances. Braille and large-print menus are also available in the pubs.

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

The Company supports UK farming and uses 100% British chips; the beef used in the following products is 100% British: beef burgers, lasagne, chilli con carne, steak & kidney pudding and beef & Abbot Ale pie.

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

The Company has worked closely with the Food Standards Agency (FSA) and our suppliers to reduce the salt, saturated fats and sugar levels in its menu offering, in line with the latest FSA guidelines.

In 2010, the Company became Eat Out magazine's winner in the 'best town & local pub' category, in recognition of our work to improve the quality and range of healthy products on the menu.

Ethical working
The Company seeks to carry out its business honestly, ethically and with respect for the rights and interests of others.

Working with suppliers
The Company usually seeks to promote long-term relationships with its suppliers, working with them to maintain the service expected by customers.

Where practicable, the Company works with suppliers, contractors and partners to minimise environmental impact and to encourage sustainable sourcing and, where reasonably possible, to obtain products from across the UK and Ireland.

The Company believes that it is the largest buyer of microbrewery beer in Great Britain and Northern Ireland, so that customers can enjoy a diverse range of real ales – a unique part of the UK's national heritage and culture. There are 232 Wetherspoon pubs listed in the CAMRA Good Beer Guide 2011 (193 were listed in 2010), a larger proportion than that of any other pub company.

The Company serves Tierra – Lavazza's Rainforest-Alliance-certified sustainable coffee. Also, at least 50% of the PG tips tea comes from 100% Rainforest-Alliance-certified farms.

The Rainforest Alliance honoured J D Wetherspoon with a Sustainable Standard Setter award, for 2010, in recognition of our ongoing dedication, innovation and leadership in environmental conservation.

Health and safety
The Company aims to promote high standards of safety, throughout the estate, by ensuring that key employees attend appropriate training. Providing the correct training helps to ensure that pubs are operated within the law.

DIRECTORS, OFFICERS AND ADVISERS

Tim Martin Chairman, aged 55

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

John Hutson Chief Executive Officer, aged 45

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

Keith Down Finance Director and Company Secretary, aged 45

Joined the company and was appointed to the board in 2008, having previously worked for Tesco plc. He is a graduate of Leicester University and qualified as a chartered accountant in 1991.

Paul Harbottle Chief Operating Officer, aged 42

Joined the company in 2003 and was appointed to the board in 2008. He is a graduate of Reading University and previously worked for the National Freight Consortium and Rank Hovis McDougall.

Su Cacioppo Personnel and Legal Director, aged 43

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

Su worked in several operational roles in J D Wetherspoon, before being appointed as personnel director in 1999 and personnel and legal director in 2006.

John Herring Senior Non-Executive Director, aged 52

Appointed to the board in 1997 and is chairman of the audit and nomination committees and a member of the remuneration committee. He is a chartered accountant and a non-executive director of Workplace Systems plc, EAT Limited and several other private companies.

Elizabeth McMeikan Non-Executive Director, aged 48

Appointed to the board in 2005 and is a member of the audit, remuneration and nomination committees. Elizabeth is a graduate of Cambridge University. She is a non-executive director of Direct Wines Ltd and Fresca Group Ltd and chairs Network Rail's independent Membership Selection Panel. Elizabeth previously worked for Tesco plc for 12 years in a wide variety of commercial and operational roles, both in the UK and overseas. She was a Civil Service Commissioner from 2005 – 2010.

Debra van Gene Non-Executive Director, aged 55

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

Sir Richard Beckett Non-Executive Director, aged 66

Appointed to the board in 2009 and is a member of the audit, remuneration and nomination committees.

Sir Richard was called to the bar in 1965 and took silk in 1987. He was one of the pre-eminent practitioners in regulatory and licensing matters. He has recently become a non-executive director of Mercantile Investment Trust plc.

Registered office
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Central Park
Reeds Crescent
Watford
WD24 4QL

Company number
1709784

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

Independent auditors
PricewaterhouseCoopers LLP
Chartered accountants and statutory auditors

Solicitors
Macfarlanes

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

Financial advisers
Investec Securities

Stockbrokers
Investec Securities

Management board
The management board comprises John Hutson, Keith Down, Su Cacioppo, Paul Harbottle and the following:

Name	Age	Job title	Length of service
David Capstick	49	IT and Property Director	11 years
Kirk Davis	39	Deputy Finance Director	2 years
Martin Geoghegan	41	Operations Director	15 years
Rebecca Payton	39	Marketing and Catering Director	11 years

The directors present their report and audited accounts for the 52 weeks ended 25 July 2010.

Principal activities, business review and future developments
The principal activities of the Company are the development and management of public houses. Details of progress and future developments are given on pages 3 to 7.

Results and dividends
The profit on ordinary activities for the year, after taxation, was £40,778,000 or 29.3p per share.

As announced in our interim statement on 11 March 2010, the board declared a final dividend of 12.0p, along with a special dividend of 7.0p, both of which were paid on 1 April 2010.

Return of capital
At the annual general meeting of the Company, held on 4 November 2009, the Company was given authority to make market purchases of up to 20,832,203 of its own shares. During the year to 25 July 2010, no shares were purchased.

Land
In the opinion of the directors, the market value of land and buildings is not significantly different from the book value.

Principal risks and uncertainties
A review of the Company's principal risks and uncertainties has been included in the finance review on page 9. A further discussion of the risks and uncertainties facing the Company is included in section 2 on pages 45 and 46.

The financial and non-financial key performance indicators (KPIs)
A review of the business using financial and non-financial KPIs, has been included in the finance review on pages 8 and 9.

Significant contractual or other arrangements
The only contractual arrangement regarded by the Company as essential to its business is that with DHL which provides logistic services at the Company's distribution centre in Daventry.

Directors
The directors listed on page 52 served throughout the financial year and up to the date of signing the financial statements. Tim Martin, Keith Down and John Herring retire by rotation. Details of the terms under which the directors, who were in office during the year, serve and their remuneration, together with their interests in the shares of the Company, are given in the directors' remuneration report on pages 57 to 64.

Third-party indemnity insurance, against the liabilities of directors and officers of the Company, was in place throughout the year, in respect of their duties as directors and officers of the Company.

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

Company's shareholders
Details of the Company's shareholders, including those beneficial interests notified to the Company as accounting for over 3% of the issued share capital, are given on page 69.

Takeover directive disclosures
The Company has an authorised share capital comprising 500 million ordinary shares of 2p each. As at 25 July 2010, total issued share capital comprised 139,125,205 fully paid-up shares of 2p each. The rights to these shares are set out in the Company's articles of association. There are no restrictions on the transfer of these shares or their attached voting rights.

Details of significant shareholdings are set out on page 69.

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

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

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

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

The Company has the power to issue and buy back shares as a result of resolutions passed at the annual general meeting in 2009. It is the Company's intention to repeat these powers; the resolutions approving them are found in the notice of the annual general meeting for 2010.

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

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

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

Statement of directors' responsibilities in respect of the annual report, the directors' remuneration report and the financial statements

The directors are responsible for preparing the annual report, the directors' remuneration report and the financial statements, in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the Company's financial statements in accordance with IFRSs as adopted by the EU. Under Company law, the directors must not approve the financial statements, unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing these financial statements, the directors are required to:

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

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

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

The work carried out by the auditors does not involve consideration of these matters; accordingly, the auditors accept no responsibility for any changes which may have occurred to the financial statements since they were initially presented on the Company's Web site. It is stated clearly on the Web site that information published on the Internet is accessible in many countries and that legislation in the United Kingdom, governing the preparation and dissemination of financial information, may differ from that in other jurisdictions.

Statement of disclosure of information to auditors
In accordance with Section 418 of the Companies Act 2006, the directors report that, so far as they are aware, all relevant audit information has been disclosed to the Company's auditors. The directors have taken all of the steps which they ought to have taken as directors, in order to establish that the Company's auditors are aware of that information.

Independent auditors
The Company's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

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

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

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

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

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

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

All staff are eligible to participate in bonus schemes related to profitability and/or service standards.

Policy on payment of suppliers
The Company agrees on terms and conditions with all suppliers before business takes place and has a policy of paying agreed invoices in accordance with the terms of payment. Trade creditors at the year end represented 56 (2009: 55) days' purchases.

Political and charitable contributions
The Company supports CLIC Sargent (caring for children with cancer) and has helped to raise £890,660 in the current year. The Company has not made any political donations in the year. Further information about charitable contributions is disclosed in the corporate social responsibility report on pages 48 to 51.

Business at the annual general meeting
On pages 71 and 72 is a notice convening the annual general meeting of the Company for 4 November 2010, at which shareholders will be asked, as items of special business, to give power to the directors to allot shares, to give power to the directors to disapply the pre-emption requirements of section 561 of the Companies Act 2006, to give power to the directors to make market purchases of ordinary shares in the capital of the Company, subject to certain conditions, and to retain the ability to hold general meetings on 14 clear days' notice. The notice also sets out details of the ordinary business to be conducted at the annual general meeting. Set out below is an explanation of the effect and purpose of the resolutions proposed.

Resolution 1: Receive and adopt the audited accounts
The directors recommend that the Company adopt the reports of the directors and the auditors and the audited accounts of the Company for the year ended 25 July 2010.

Resolution 2: Approval of the directors' remuneration report
Resolution 2 in the notice of annual general meeting, which will be proposed as an ordinary resolution, asks shareholders to approve the directors' remuneration report, set out on pages 57 to 64.

Resolutions 3–5: Re-election of Mr Martin, Mr Down and Mr Herring as directors
The Company's articles of association require one-third of the directors to retire from office at each annual general meeting. In addition, any director who has, at the annual general meeting, been in office for more than three years since his or her last appointment or re-appointment should also retire and may offer him or herself for re-election.

Brief biographical details of each of the directors standing for re-election may be found on page 52 and on the Company's Web site. The re-election resolutions are set out as resolutions 3, 4 and 5 in the notice of annual general meeting.

Mr Martin, Mr Down and Mr Herring all have extensive experience of the Company or in business generally, allowing them, subject to their re-election to the board, to contribute to the Company's development. The chairman confirms that, following performance evaluation, the directors' performance continues to be effective and demonstrates commitment to their respective roles, including time commitments for board and committee meetings. The board is therefore of the opinion that Mr Martin, Mr Down and Mr Herring should be re-elected at the annual general meeting.

Resolution 6: Re-appointment of PricewaterhouseCoopers LLP as auditors
Resolution 6, set out in the notice of annual general meeting, proposes that PricewaterhouseCoopers LLP be reappointed as the Company's auditors and authorises the directors to determine their remuneration.

Resolution 7: Authority to allot
The Companies Act 2006 prevents directors of a public Company from allotting unissued shares, other than pursuant to an employee share scheme, without the authority of shareholders in general meeting. In certain circumstances, this could be unduly restrictive. The general authority previously given to the directors to allot 'relevant securities' will expire at the end of the annual general meeting convened for 4 November 2010.

Accordingly, resolution 7 in the notice of annual general meeting will be proposed as an ordinary resolution to authorise the directors (pursuant to section 551 of the Companies Act 2006) to allot ordinary shares in the capital of the Company:

(A) up to an aggregate nominal amount of £918,226, representing approximately 33.3% of the nominal value of the ordinary shares currently in issue.

(B) up to a further aggregate nominal amount of £918,226, representing approximately 33.3% of the nominal value of the ordinary shares currently in issue, provided that they are offered by way of a rights issue in favour of ordinary shareholders.

The Company does not currently hold any shares in treasury.

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

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

The directors will exercise such authority to allot shares only when satisfied that it is in the interests of the Company to do so. They have no present intention, however, of exercising the authority, except in connection with the issue of shares under the Company's share option schemes.

Resolution 8: Disapplication of pre-emption rights
The provisions of section 561 of the Companies Act 2006 (which confer on shareholders rights of pre-emption in respect of the allotment of 'equity securities' which are, or are to be, paid up in cash, other than by way of allotment to employees under an employees' share scheme) apply to the unissued ordinary shares of the Company to the extent that they are not disapplied, pursuant to sections 570 and 573 of the Companies Act 2006.

The current disapplication of these statutory pre-emption rights will expire at the end of the annual general meeting convened for 4 November 2010. Accordingly, resolution 8, as set out in the notice of annual general meeting, will be proposed as a special resolution to permit directors to allot shares without the application of these statutory pre-emption rights: first, in relation to offers of equity securities by way of rights issue, open offer or similar arrangements (save that, in the case of an allotment pursuant to the authority in paragraph (B) of resolution 7, such allotment shall be by way of rights issue only); second, in relation to the allotment of equity securities for cash, up to a maximum aggregate nominal amount of £139,125 (representing approximately 5% of the nominal value of the ordinary shares of the Company currently in issue).

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

Resolution 9: Purchase of ordinary shares
In common with many other listed companies, the Company proposes, once again, to seek an authority from shareholders to permit the Company to purchase its own shares. Accordingly, resolution 9 will be proposed as a special resolution to authorise the Company to make market purchases of up to 20,854,868 shares, just under 15% of the Company's current issued ordinary share capital, at prices not less than the nominal value of an ordinary share and not exceeding 105% of the average of the middle-market quotations for an ordinary share for the five business days before each purchase (exclusive of expenses). The authority will last until the earlier of 15 months from the date of passing the resolution and the conclusion of the next annual general meeting of the Company.

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

As at 25 July 2010, there were outstanding options over 127,406 ordinary shares, representing 0.09% of the Company's issued ordinary share capital. If the authority under resolution 9 were to be exercised in full, this would increase to 0.11%.

Resolution 10: 14 days' notice for general meetings
Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 clear days, unless shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days. Resolution 10 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

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

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

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

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

By order of the board

Keith Down
Company Secretary
10 September 2010

This report outlines the Company's policy on executive remuneration and gives details of directors' pay and pensions for 2010, the interest of directors in the Company's shares and the fees of the non-executive directors. This report has been drawn up with reference to, among other things, schedule B of the Combined Code, as set out in the Listing Rules of the UK Listing Authority ('Combined Code'). This report will be put to an advisory vote of the Company's shareholders at the annual general meeting on 4 November 2010.

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

The committee meets throughout the year and performs an annual review, covering elements of executive directors' remuneration. In addition, it approves all contractual and other compensation arrangements for the executive directors. The remuneration committee also approves any grant of share options and annual performance-related payments (whether in shares or cash) for executive directors. In the year ended 25 July 2010, the committee met seven times.

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

The committee has access to advice from external consultants, as appropriate. Advice was sought from KPMG during the year.

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

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

Packages within the leisure retailing industry and in those markets from which the Company recruits are monitored, to ensure that remuneration remains at reasonable levels and encourages appropriate behaviour and performance levels.

In fixing remuneration, note is also taken of the remuneration structure throughout the organisation. For example, the Company awarded bonuses and shares for employees of £22.5 million in the year, of which 95% were made to employees below board level. This amount is included in total wages and salaries in note 4 to these financial statements.

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

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

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

Salary
Salaries and other benefits are determined annually in September. The remuneration committee aims to take a fair and commonsense approach, following a review of the individual's performance and by reference to the industry and consideration of other comparisons and reports. The review on 1 September 2009 concluded that there would be no increase in base salary for executive directors.

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

The financial targets are based on annual growth in profits before tax, excluding unrealised exceptional items, multiplied by a factor of 1.5. This bonus is paid in cash after the end of the financial year to which it relates. The maximum bonus attainable represents 52.5% of salary for the year. Unrealised exceptional items usually represent asset write-downs, such as impairment, which become realised only at the point when a pub is closed or when land is legally sold.

Annual growth in profits before tax, excluding unrealised exceptional items, in the year ended 25 July 2010, was 11.5%.

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

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

Share schemes

Share Incentive Plan
The Company's policy on share incentives under its various employee share schemes has been, and continues to be, to distribute them widely across the Company's pub staff and head-office employees. In this way, the Company seeks to encourage and motivate those key employees involved at all levels of the Company, including bar and kitchen staff. The Company established a share incentive plan (incorporating an HM Revenue & Customs (HMRC)-approved element), with effect from

1 August 2003, as a replacement for previous share option schemes. This approved plan is an 'all-employee plan', providing qualifying employees, including executive directors (usually those who have given at least 18 months' service), with bonuses in the form of shares in the Company, twice each year.

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

As an additional incentive, the Company offers extra SIPs under this scheme to higher grades of employee. Pub managers receive an extra 5% annual award, head-office staff 10–15% and directors and senior managers 20%. Extra SIPs do not qualify for the same tax benefits as those under the approved scheme. Awards to directors in the year ended 25 July 2010 were 25% of annual salary.

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

Share options
The Company has monitored the debate on the question of share options and, in particular, both the dilutive impact on current shareholders and the desire to create real employee shareholders, rather than simply option-holders. As a result, it has been decided not to issue any further options in the foreseeable future. The Company has only one active option scheme, the 2001 executive scheme. It is not intended that grants be made under this scheme in the coming year. The New Discretionary Share Option Scheme (NDSO) ceased to be active in 2008, although options within the scheme do not expire until 2012.

2005 Deferred Bonus Scheme
In addition to the current Share Incentive Plan available to all employees, the Company introduced a deferred bonus scheme, with a view to incentivising and promoting share ownership by key senior managers, including executive directors, following shareholders' approval at the annual general meeting held on 10 November 2005. The remuneration committee believes that this incentive encourages consistent long-term performance, rather than reliance on more narrowly based targets.

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

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

Owners' earnings are calculated as follows:

Profit before tax (excluding unrealised exceptional items)
Add: Depreciation and amortisation
Less: Cash reinvestment in current properties
Less: Cash tax
Equals: Owners' earnings

Owners' earnings per share is calculated on the weighted average number of shares in issue.

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

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

In the year ended 25 July 2010, because of higher cash reinvestment in current properties, owners' earnings per share did not increase and therefore no award was made.

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

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

Tim Martin	–	20 October 1992
John Hutson	–	2 February 1998
Keith Down	–	7 January 2008
Su Cacioppo	–	10 March 2008
Paul Harbottle	–	10 March 2008

Non-executive directors
The non-executive directors hold their positions, pursuant to letters of appointment dated 1 November 2009, with a term of 12 months.

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

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

Directors' remuneration
Audited information:
The table below shows a breakdown of the various elements of directors' remuneration for the year ended 25 July 2010.

	Salary/fees	Performance bonus – cash	Share Incentive Plan – shares	Performance bonus – 2005 Deferred Bonus Scheme – shares	Taxable benefits	Taxable allowances	Pension contributions	**Total 2010 £000**	Total 2009 £000
Chairman									
T R Martin	315	54	–	–	25	–	–	**394**	404
Executive directors									
J Hutson	400	89	100	–	1	18	48	**656**	766
K Down	250	56	63	–	1	15	30	**415**	486
S Cacioppo	190	42	48	–	1	15	23	**319**	368
P Harbottle	210	47	53	–	1	15	25	**351**	408
Non-executive directors									
J Herring	65	–	–	–	–	–	–	**65**	65
E McMeikan	36	–	–	–	–	–	–	**36**	36
D van Gene	36	–	–	–	–	–	–	**36**	36
R Beckett	36	–	–	–	–	–	–	**36**	10
Total	**1,538**	**288**	**264**	**–**	**29**	**63**	**126**	**2,308**	**–**
2009	1,504	284	250	334	27	54	126	**–**	2,579

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

The Company's Share Incentive Plan and 2005 Deferred Bonus Scheme (described on pages 57 and 58) include the full-year value of bonuses paid in shares, subject to forfeiture on cessation of employment, in certain circumstances. These shares are also included in each relevant director's interest shown in the table below.

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

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

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

The interests of the directors in the shares of the Company, as at 25 July 2010, were as follows:

Ordinary shares of 2p each, held beneficially	**2010**	2009
T R Martin	**32,815,473**	32,809,934
J Hutson*	**60,548**	55,451
J Hutson – Share Incentive Plan	**75,344**	66,613
J Hutson – 2005 Deferred Bonus Scheme	**8,375**	67,583
K Down*	**43,545**	–
K Down – Share Incentive Plan	**42,189**	29,913
K Down – 2005 Deferred Bonus Scheme	**5,255**	105,730
S Cacioppo*	**40,137**	23,265
S Cacioppo – Share Incentive Plan	**39,934**	35,011
S Cacioppo – 2005 Deferred Bonus Scheme	**3,973**	29,837
P Harbottle*	**38,559**	20,614
P Harbottle – Share Incentive Plan	**38,167**	31,389
P Harbottle – 2005 Deferred Bonus Scheme	**4,402**	33,969
J Herring	**6,000**	6,000
E McMeikan	**1,000**	1,000
D van Gene	**1,000**	1,000
R Beckett	**2,000**	–

There have not been any changes to these interests since 25 July 2010.

*On 15 March 2010, the Company sold shares under the Deferred Bonus Scheme to pay for crystallised income tax and National Insurance contribution liabilities. As a result of this transaction, these shares were deemed to have vested and are therefore included in directors' shareholdings. However, under the terms of the Deferred Bonus Scheme, these shares are restricted until their original vest date. Restricted shares included in the above shareholdings are:

Director	Number of shares	Restricted until
J Hutson	24,160	17 September 2010
S Cacioppo	10,842	17 September 2010
P Harbottle	12,330	17 September 2010
K Down	15,781	17 September 2010
K Down	9,254	18 September 2010
K Down	9,255	18 September 2011
K Down	9,255	18 February 2012

Directors' interests in share options:
There were no share options outstanding for directors during the year.

Share Incentive Plan – audited information

In addition to the interest in shares disclosed on page 60, the following awards of shares have been made under the Share Incentive Plan during the year:

Name	Award date	Shares held in trust at 26 July 2009	Granted in the year	Vested in the year	Shares remaining in trust at 25 July 2010
J Hutson	26/03/04	990			990
	08/10/04	1,214			1,214
	30/09/05	1,022			1,022
	29/09/06	5,753		5,163	590
	30/03/07	5,748		5,748	–
	17/09/07	6,044			6,044
	31/03/08	17,474			17,474
	17/09/08	16,188			16,188
	31/03/09	12,180			12,180
	24/09/09		10,085		10,085
	31/03/10		9,557		9,557
K Down	31/03/08	11,595			11,595
	17/09/08	10,644			10,644
	31/03/09	7,674			7,674
	24/09/09		6,303		6,303
	31/03/10		5,973		5,973
P Harbottle	30/09/05	902			902
	31/03/06	94			94
	29/09/06	2,210		1,658	552
	30/03/07	2,119		2,093	26
	17/09/07	2,633			2,633
	31/03/08	8,506			8,506
	17/09/08	8,513			8,513
	31/03/09	6,412			6,412
	24/09/09		5,294		5,294
	31/03/10		5,017		5,017
	12/09–07/10*		218		218
S Cacioppo	26/03/04	881			881
	08/10/04	598			598
	30/03/05	594			594
	30/09/05	926			926
	31/03/06	75			75
	29/09/06	2,549		1,959	590
	30/03/07	2,447		2,447	–
	17/09/07	2,556			2,556
	31/03/08	11,185			11,185
	17/09/08	7,432			7,432
	31/03/09	5,768			5,768
	24/09/09		4,790		4,790
	31/03/10		4,539		4,539

The market price of the shares awarded on 24 September 2009 was 495.77p.
The market price of the shares awarded on 31 March 2010 was 523.17p.

The market price of shares which vested on 29 September 2009 was 491.5p.
The market price of shares which vested on 31 March 2010 was 517.25p.

*P Harbottle is a participant in the Partnership Share scheme and acquired 218 shares between December 2009 and July 2010. The market price of the shares awarded ranged from 419.9p to 519.41p.

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

2005 Deferred Bonus Scheme

The first award of shares under the 2005 Deferred Bonus Scheme was made in September 2006. As set out on page 58, one-third of the total award vests immediately, with the other two-thirds vesting over the following two years.

The overall position is as follows:

September 2007 Award – Tranche 3

	Total awarded	Previously vested	Vested	Sold	Shares retained	Remaining in trust	Date sold	Market price at sale date
J Hutson	7,286	4,856	2,430	997	1,433	–	17/09/09	495p
K Down	15,686	–	15,686	15,686	–	–	17/09/09	495p
P Harbottle	2,925	1,950	975	400	575	–	17/09/09	495p
S Cacioppo	3,065	2,042	1,023	420	603	–	17/09/09	495p

September 2008 Award – Tranche 2

	Total awarded	Previously vested	Vested	Sold	Shares retained	Remaining in trust	Date sold	Market price at sale date
J Hutson	97,729	32,576	32,576	13,357	19,219	32,577	17/09/09	495p
K Down	64,481	21,493	21,493	8,813	12,680	21,495	17/09/09	495p
P Harbottle	49,491	16,497	16,497	6,764	9,733	16,497	17/09/09	495p
S Cacioppo	43,220	14,406	14,406	5,907	8,499	14,408	17/09/09	495p

September 2009 Award – Tranche 1

	Total awarded	Vested	Sold	Shares retained	Remaining in trust	Date sold	Market price at sale date
J Hutson	25,121	8,373	3,433	4,940	16,748	17/09/09	495p
K Down	15,763	5,254	5,254	–	10,509	17/09/09	495p
P Harbottle	13,206	4,402	1,805	2,597	8,804	17/09/09	495p
S Cacioppo	11,915	3,971	1,629	2,342	7,944	17/09/09	495p

February 2008 Award

	Total awarded	Previously vested	Vested	Sold	Shares retained	Remaining in trust	Date sold	Market price at sale date
K Down	94,116	47,058	47,058	19,294	27,764	–	15/03/10	517.8506p

September 2008 Award – Tranche 3

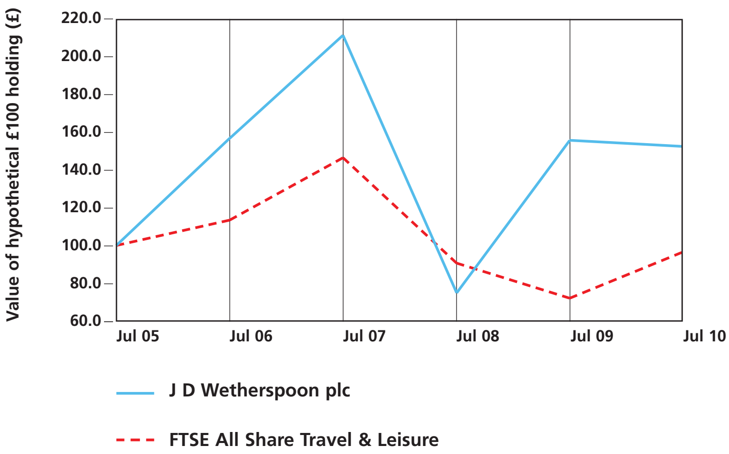
	Total awarded	Previously vested	Vested	Sold	Shares retained	Remaining in trust	Date sold	Market price at sale date
J Hutson	97,729	65,152	32,577	13,357	19,220	–	15/03/10	517.8506p
K Down	64,481	42,986	21,495	8,813	12,682	–	15/03/10	517.8506p
P Harbottle	49,491	32,994	16,497	6,764	9,733	–	15/03/10	517.8506p
S Cacioppo	43,220	28,812	14,408	5,908	8,500	–	15/03/10	517.8506p

September 2009 Award – Tranche 2

	Total awarded	Previously vested	Vested	Sold	Shares retained	Remaining in trust	Date sold	Market price at sale date
J Hutson	25,121	8,373	8,373	3,433	4,940	8,375	15/03/10	517.8506p
K Down	15,763	5,254	5,254	2,155	3,099	5,255	15/03/10	517.8506p
P Harbottle	13,206	4,402	4,402	1,805	2,597	4,402	15/03/10	517.8506p
S Cacioppo	11,915	3,971	3,971	1,629	2,342	3,973	15/03/10	517.8506p

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

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



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

10 September 2010

Introduction
Effective governance is at the core of the Company's ability to operate successfully in 775 pubs in England, Northern Ireland, Scotland and Wales. The Company's established governance framework is overseen by the board of directors, which is ultimately responsible to the Company's shareholders.

Statement of compliance
The Company is committed to high standards of corporate governance, as set out in Section 1 of the Combined Code 2008 on Corporate Governance (the 'Code'), although the board believes that honesty and common sense are more important factors than governance codes. The board believes that the Company has been compliant throughout the year ended 25 July 2010, with the following exceptions:

John Herring has served more than ten years on the board and so may not be considered independent under the Code (Section A.3.1). The board considers that his performance as a non-executive director continues to be effective. He contributes significantly as a director through his individual skills, considerable knowledge and experience of the Company and relevant financial expertise. He also continues to demonstrate strong independence in the manner in which he discharges his responsibilities as a director. Consequently, the board has concluded that, despite his length of tenure, there is no association with management which could compromise his independence. John intends to offer himself annually for re-election to the board.

During the year, the number of independent non-executive directors did not equal that of the executives in the whole year under review (Section A.3.2). The board considers that the collective know-how and experience of the independent non-executive directors, during this period, provided a balanced mix of skills which matched the needs of the business and were sufficient to ensure proper governance of the Company, which comprises an organically grown, single business, producing clear, transparent results. The board is mindful of its composition and will keep this position under review.

In general, the company has noted that "non compliant" boards of directors in the quoted pub sector, often where the chief executive has become chairman, and there are more executive than non-executive directors, have been more successful in avoiding recent financial excesses, than compliant boards. Experience in the industry, common sense and flexibility, rather than a doctrinaire approach, are required by directors, in our opinion, in assessing the composition of the board.

A full version of the Combined Code June 2008 is available on the official website of the Financial Reporting Council (www.frc.org).

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

The board comprises the following members:
- Tim Martin, chairman
- John Hutson, chief executive officer
- Keith Down, finance director and company secretary
- Paul Harbottle, chief operating officer
- Su Cacioppo, personnel and legal director
- John Herring, non-executive deputy chairman and senior non-executive director
- Elizabeth McMeikan, non-executive director
- Debra van Gene, non-executive director
- Sir Richard Beckett, non-executive director

John Herring continues in his role of senior independent director. In this role specifically, he is an additional contact point for shareholders, in particular where concerns of the shareholders are unable to be resolved through normal channels or when such channels would be inappropriate. In this role, he also monitors the performance of the chairman, on behalf of the board.

Biographies of all non-executive and executive directors are provided on page 52 and can be viewed on the Company's Web site: www.jdwetherspoon.co.uk

On appointment to the board, every director is provided with a comprehensive induction programme, covering all aspects of the Company's operations. Regular discussions and meetings take place regarding the performance of the board and the performance of individual executive directors is discussed regularly by the chairman and the non-executives, with any training and development needs evaluated as part of the process. Site visits are arranged regularly to enable non-executive directors to see the operations of the business, at first hand.

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

There is a clear and documented division of responsibilities between the chairman and the chief executive officer. The division is set out below.

Chairman's responsibility	Chief executive's responsibility
The chairman is responsible for the smooth running of the board and ensuring that all directors are fully informed of matters relevant to their roles	The chief executive is responsible for the smooth daily running of the business
Delegated responsibility of authority from the Company to exchange of contracts within controlled procedures	Developing and maintaining effective management controls, planning and performance measurements
Providing support, advice and feedback to the chief executive	Maintaining and developing an effective organisational structure
Supporting the Company strategy, and encouraging the chief executive with development of that strategy	External and internal communications, in conjunction with the chairman, on any issues facing the Company
Chairing general meetings, board meetings, operational meetings and agreeing on board agendas and ensuring that adequate time is available for discussion of agenda items	Implementing and monitoring compliance with board policies
Management of chief executive's contract, appraisal and remuneration, by way of making recommendations to the remuneration committee	Timely and accurate reporting of the above to the board
Providing support to executive directors and senior managers of the Company	Recruiting and managing senior managers in the business
Providing the 'ethos' and 'vision' of the Company	Developing and maintaining effective risk-management and regulatory controls
Providing operational presence across the estate	Maintaining primary relationships with shareholders and investors
Making directors aware of shareholders' concerns	Chairing the management board responsible for implementing the Company strategy
Ensure that a culture of openness and debate exists in the Company	
Responsible for the leadership of the board and setting its agenda	

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

The articles require that one-third of the directors retire by rotation, subject to the requirement that each director seek re-election every three years.

During the year ended 25 July 2010, non-executive directors met without the chairman and provided feedback to the chairman following their meetings. The overall effectiveness of the board was the primary topic, although succession-planning and the provision of information to the board were also discussed. The directors concluded that the board and its committees continue to work effectively.

In accordance with the Code and corporate governance best practice, the board has several established committees as set out below. The board met eight times during the year ended 25 July 2010; attendance of the directors and non-executives, where appropriate, is shown below.

Number of meetings held in the year	**Board 8**	**Audit 3**	**Remuneration 7**	**Nomination 1**
Tim Martin	7	N/A	N/A	N/A
John Hutson	8	N/A	N/A	N/A
Keith Down*	8	3	N/A	N/A
Su Cacioppo*	8	3	N/A	N/A
Paul Harbottle	8	N/A	N/A	N/A
John Herring	7	3	7	1
Elizabeth McMeikan	8	3	7	1
Debra van Gene	6	3	7	1
Sir Richard Beckett**	8	2	7	1

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

**Sir Richard Beckett was invited to join the audit committee part way through the year.

Matters reserved for the board
The following matters are reserved for the board:

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

Board committees

Audit committee
The committee is chaired by John Herring and comprises Elizabeth McMeikan, Debra van Gene and Sir Richard Beckett. Representatives of the Company's external auditors, PricewaterhouseCoopers LLP, attend audit committee meetings at the half year and year end. Under the terms of the Code, one of the members of the committee was not independent.

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

- Assumes direct responsibility for the appointment, compensation, resignation, dismissal and the overseeing of the independent external auditors, including review of the external audit, its cost and effectiveness
- Reviews the scope and nature of the work to be performed by the external auditors, before audit commences
- Reviews the half-year and annual financial statements
- Ensures compliance with accounting standards
- Ensures compliance with stock exchange, legal and regulatory requirements
- Monitors the integrity of the financial statements and formal announcements relating to the financial performance of the Company
- Considers the findings of the internal audit report and management responses at the half year and year end
- Reviews the effectiveness of internal control systems
- Final review of the Company's statement on internal control systems, before endorsement by the board
- Reviews any aspect of the accounts or the Company's control and audit procedures, the interim and final audits and any other matters which the auditors may consider
- Ensures that all matters, if appropriate, were raised and brought to the attention of the board
- Reviews all risk-management systems adopted and implemented by the Company

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

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

During the year, the Company made limited use of specialist teams from PricewaterhouseCoopers LLP, relating to accounting and tax services. The fees paid to PricewaterhouseCooper LLP for non-audit services were £36,000 (2009: £41,000). The use of PricewaterhouseCoopers LLP for non-audit work is monitored regularly, to achieve the necessary independence and objectivity of the auditors. Where the auditor provides non-audit services auditor objectivity and independence is safeguarded by use of different teams.

Following a review by the audit committee, the board agreed, in September 2010, to recommend to shareholders, at the annual general meeting, the re-appointment of the external auditors for a period of one year.

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

The terms of reference of the audit committee are available on request.

Remuneration committee
The Company's remuneration committee is chaired by Debra van Gene and comprises John Herring, Elizabeth McMeikan and Sir Richard Beckett. The directors' report on remuneration is set out on pages 57 to 64. Under the terms of the Code, one of the members of the committee was not independent.

Nomination committee
A formal nomination committee has been established, comprising John Herring (chairman), Debra van Gene, Elizabeth McMeikan and Sir Richard Beckett. The nomination committee meets as appropriate and considers all possible board appointments and also the re-election of directors, both executive and non-executive. No director is involved in any decision about his or her own re-appointment. Under the terms of the Code, one of the members of the committee was not independent.

The terms of reference of the nomination committee are available on request.

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

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

- Annual general meeting, considered to be an important forum for shareholders to raise questions with the board
- Regular feedback from the Company's stockbrokers
- Interim, full and ongoing announcements circulated to shareholders
- Any significant changes in shareholder movement being notified to the board by the company secretary, when necessary
- The company secretary maintaining procedures and agreements for all announcements to the City
- A programme of regular meetings between investors and directors of the Company, including the senior independent director, as appropriate
- The capital structure of the company is described in note 24 to the accounts

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

The internal audit department, in conjunction with the management of the business functions, produces a risk register annually. This register has been compiled by the business using a series of facilitated control and risk self-assessment workshops, run in conjunction with internal audit. These workshops were run with senior management from the key business functions.

The identified risks are assessed based on the likelihood of a risk occurring and the potential impact to the business, should the risk occur. The head of internal audit determines and reviews the risk assessment process and will communicate the timetable annually.

The risk register is presented to the audit committee every six months, with a schedule of audit work agreed on, on a rolling basis. The purpose of this work is to review, on behalf of the Company and board, those key risks and the systems of control necessary to manage such risks.

The results of this work are reported back to relevant senior management and the audit committee. Where recommendations are made for changes in systems or processes to reduce risk, internal audit will follow up regularly to ensure that the recommendations are implemented.

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

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

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

The Company has key controls, as follows:

- Clearly defined authority limits and controls over cash-handling, purchasing commitments and capital expenditure
- Comprehensive budgeting process, with a detailed 12-month operating plan and a mid-term financial plan, both approved by the board
- Business results are reported weekly (for key times), with a monthly comprehensive report in full and compared with budget
- Forecasts are prepared regularly throughout the year, for review by the board
- Complex treasury instruments are not used; decisions on treasury matters are reserved by the board
- Regular reviews of the amount of external insurance which it obtains, bearing in mind the availability of such cover, its costs and the likelihood of the risks involved
- Regular evaluation of processes and controls in relation to the Company's financial reporting requirements.

The directors confirm that they have reviewed the effectiveness of the system of internal control. Directors' insurance cover is maintained.

Keith Down
Company Secretary
10 September 2010

INFORMATION FOR SHAREHOLDERS

Ordinary shareholdings at 25 July 2010

Shares of 2p each	Number of shareholders	% of total shareholders	Number	% of total shares held
Up to 2,500	4,527	88.35	2,195,402	1.58
2,501–10,000	334	6.52	1,541,262	1.11
10,001–250,000	204	3.98	11,477,250	8.25
250,001–500,000	23	0.45	8,771,805	6.30
500,001–1,000,000	17	0.33	12,321,158	8.86
Over 1,000,000	19	0.37	102,818,328	73.90
	5,124	**100**	**139,125,205**	**100**

Substantial shareholdings

In addition to certain of the directors' shareholdings set out on page 60, the Company has been notified of the following substantial holdings in the share capital of the Company at 10 September 2010:

	Number of ordinary shares	Percentage of share capital %
Sanderson Asset Management Ltd	17,494,172	12.57
Schroders plc	13,175,950	9.47
BlackRock Inc	11,532,460	8.29
Baring Asset Management Limited & OppenheimerFunds Inc.	5,715,913	4.11

Share prices

26 July 2009	450.0p
Low	378.7p
High	556.0p
25 July 2010	428.4p

Shareholders' enquiries

Computershare

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

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

You will be able to:

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

Electronic communications

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

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

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

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

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

If you would like to contact us:

J D Wetherspoon plc, Wetherspoon House, Central Park, Reeds Crescent, Watford, WD24 4QL
Telephone: 01923 477777
E-mail: investorqueries@jdwetherspoon.co.uk

This information is important and requires your immediate attention.

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

Notice is hereby given that the annual general meeting of J D Wetherspoon plc (the 'Company') will be held at The Crosse Keys, 9 Gracechurch Street, London, EC3V 0DR on Thursday 4 November 2010 at 10am for the following purposes:

Ordinary business
To resolve as ordinary resolutions:

1 To receive and adopt the reports of the directors and the auditors and the audited accounts of the Company for the year ended 25 July 2010.

2 To receive and approve the directors' remuneration report for the year ended 25 July 2010.

3 To re-elect Tim Martin as a director.

4 To re-elect Keith Down as a director.

5 To re-elect John Herring as a director.

6 To re-appoint PricewaterhouseCoopers LLP as the auditors of the Company and to authorise the directors to fix their remuneration.

Special business
To consider and, if thought fit, to pass the following resolutions, in the case of the resolution numbered 7 as an ordinary resolution and, in the case of the resolutions numbered 8, 9 and 10, as special resolutions.

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

(A) to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Relevant Securities'), up to a maximum aggregate nominal amount of £918,226; and further

(B) to allot Relevant Securities comprising equity securities (within the meaning of section 560(1) of the Act) up to an aggregate nominal amount of £918,226 in connection with an offer by way of a rights issue in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares, but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;

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

8 THAT:
subject to the passing of resolution 7 above and in place of all existing powers, the directors be generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by resolution 7 as if section 561(1) of the Act did not apply to such allotment, provided that this power shall expire on the date which is 15 months from the date of the passing of this resolution or, if sooner, the end of the next annual general meeting of the Company. This power shall be limited to the allotment of equity securities:

(i) in connection with an offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement, save that, in the case of an allotment pursuant to the authority conferred by paragraph (B) of Resolution 7, such offer shall be by way of rights issue only) in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares, but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(ii) otherwise than pursuant to sub-paragraph (i) above up to an aggregate nominal amount of £139,125, but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after this power expires and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of this resolution the words 'pursuant to the authority conferred by resolution 7' were omitted.

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

(i) the maximum number of ordinary shares which may be purchased is 20,854,868;

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

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

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

By order of the board

Keith Down
Company Secretary
10 September 2010

Registered office:

Wetherspoon House
Central Park
Reeds Crescent
Watford
WD24 4QL

Notes:

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

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

3 To be valid for the annual general meeting, the form of proxy and the power of attorney or other authority (if any) under which it is executed or a notarised copy of such authority must be deposited at the offices of the Company's registrars, Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 7NH or at the following electronic address www.eproxyappointment.com not later than 10am on 2 November 2010, being 48 hours before the time appointed for holding the annual general meeting.

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

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

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

7 Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a Web site a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) which is to be laid before the annual general meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such Web site publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement

on a Web site, under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the Web site. The business which may be dealt with at the annual general meeting includes any statement which the Company has been required under section 527 of the Act to publish on a Web site.

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

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

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

11 Only those members registered in the register of members of the Company as at 10am on 2 November 2010 (or, in the case of any adjournment, 48 hours before the time of the adjourned meeting) shall be entitled to attend or vote at the annual general meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.

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

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

01923 477777
www.jdwetherspoon.co.uk

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