ESTD 1831

YOUNG'S

Interim Report

For the 26 weeks ended 27 September 2021

Contents

Financial highlights

For the 26 weeks ended 27 September 2021

Revenue (£m)[1]

£149.6

2020: £52.7

Net debt (£m)

£140.3

2020: £203.8

Net debt to EBITDA[1 2]

3.6x

2020: 6.5x

Operating profit/(loss) (£m)[1]

£27.5

2020: £(17.3)

Profit/(loss) before tax from continuing operations (£m)

£22.2

2020: £(22.2)

Profit before tax from discontinued operations (£m)

£9.8

2020: £0.4

Adjusted EBITDA (£m)[1 3]

£42.7

2020: £1.5

Adjusted operating profit/(loss) (£m)[1 3]

£27.1

2020: £(14.7)

Adjusted profit/(loss) before tax (£m)[1 3]

£21.8

2020: £(19.6)

Adjusted basic earnings/(loss) per share[1 3]

28.22p

2020: (31.80)p

Basic earnings/(loss) per share[1]

17.96p

2020: (36.45)p

Interim dividend per share

8.55p

2020: nil

1 The results exclude the impact of 56 sites which formed a majority of the Ram Pub Company segment and are disclosed as discontinued operations. Prior period comparatives have been restated for the application of IFRS 5 to re-present financial information in relation to discontinued operations (see notes 1 and 5).

2 Net debt to EBITDA has been calculated based on the last 12 months' actual adjusted EBITDA of £38.8 million (see notes 2 for adjusted EBITDA and 9 for net debt).

3 Reference to an "adjusted" item means that item has been adjusted to exclude non-underlying items (see note 2 for adjusting items and note 7 for earnings/(loss) per share).

Interim statement

Strong trading since the reopening of our pubs has helped us celebrate 190 years as a business in a position of strength.

With the UK economy in lockdown at the start of the period, we were keen to get back to business once initial restrictions were lifted in April. Demand was strong from day one, and we enjoyed some encouraging trading weeks.

Getting back to the pub has been a feel-good factor for both our customers and employees. We were pleased to see all our pubs and beer gardens full again from mid-July. Helped by summer cocktails, Sunday roasts and our new Burger Shack menu, total managed house revenue was encouragingly only 1% lower compared with the same 24 weeks for 2019. For the period, total revenue from ongoing operations was £149.6 million (2020: £52.7 million), with adjusted EBITDA from continuing operations of £42.7 million (2020: £1.5 million).

In July, we further focussed our business on operating well-invested, premium managed pubs and hotels when we completed the sale of most of our tenanted estate. This disposal of 56 tenanted pubs for a total cash consideration of £53.0 million to Punch Pubs & Co cements our move away from operating a tenanted model. The proceeds from the sale strengthen our balance sheet, ensuring we have sufficient funds to invest further in our current estate and capitalise on any attractive acquisition opportunities.

We have now moved away from any specific additional funding facilities introduced to help combat the covid-19 uncertainty. We will not be requesting an extension to the £20.0 million bilateral revolving credit facility with NatWest that matures at the end of November 2021, and in May 2021 we repaid the £30.0 million commercial paper under the Bank of England's Covid Corporate Financing Facility.

Challenges remain in terms of consumer confidence, and, along with others in our sector, we face recruitment and staffing challenges, as well as uncertainty in the supply chain. We are working constantly with our suppliers on maintaining deliveries, and ensuring we have advance knowledge of any possible issues.

Business review

Managed houses

Total managed house revenue for the period was £148.9 million, (2020: £52.1 million) with adjusted operating profit of £37.1 million compared to the restricted trading period in 2020 where we recorded an operating loss of £7.5 million. For the 24 complete weeks trading, like-for-like managed sales were 6.7% behind the same 24 weeks in 2019.

Starting the period in lockdown, our focus was firmly on how we could safely welcome back as many customers as possible when restrictions eased. Benefiting from the significant investment in outdoor space within our managed estate we were able to open 144 of our pubs on 12 April, representing around three quarters of our estate. The pent-up demand from customers was already evident. Advance bookings for our gardens, huts and external space had been flooding in, and we saw good footfall, down 13% on our 2019 trade in the first six weeks, despite the ongoing restrictions and having fewer pubs open.

The remainder of the estate could not be successfully operated until restrictions on indoor trading were eased. The next phase of the Government's plans to reopen the economy was crucial for us, allowing all our pubs and hotels to reopen on 17 May with social distancing and certain other restrictions.

This was an important step towards normality, but the key date for us would be 'freedom day', scheduled for 21 June – when most restrictions were due to be lifted, allowing for larger events and removing limits on social contact. Unfortunately, facing spikes in reported cases of covid-19, the Government delayed 'freedom day' by one month, and restrictions remained until 19 July.

While trading held up well, this delay was disappointing when the whole country was riding a wave of positivity with England's progress to the final of the UEFA European Football Championships. With the existing restrictions remaining in place, we were unable to take large bookings, and customers had to remain seated inside. Along with the wet and dull weather through July and August, this curtailed our progress in the period.

The warm and sunny weather in September was therefore very welcome, helping us celebrate 190 years of Young's – an event marked at every Young's pub, from Cambridge to Devon. In London, our famous dray horses took to the streets for 'The Great Greenwich Tour', starting at the Richard the First, then from the Cutty Sark to the Old Brewery, and ending at one of our newest pubs on the banks of the River Thames, Enderby House.

Throughout our successful reopening, we benefited from the major capex programme in our pubs, hotels and outdoor areas that was largely undertaken in the last financial year. This involved spending close to £1.0 million pounds on garden stretch tents, heaters, and new furniture to ensure we were ready to hit the ground running. We were also proactive in converting car parks where licences allowed and adding extra trading space on pavements and roads adjacent to our pubs, where councils gave us the freedom.

All this has helped to future proof our business and maintain trading levels, even in an environment where customers have had a mixed appetite for the ongoing risks surrounding covid-19. In those early months, our Young's app played a pivotal role in the customer journey, accounting for 40% of food and drinks sales – offering the ability to independently browse our menus, order food and drinks, and split pay their bills.

Similar to last year, location was a big factor, with sales across our estate varying considerably based on a pub's geography. The suburbs of London and down into the southwest continued to perform well, often trading ahead of where they were two years ago, as our pubs and hotels benefitted from people working from home, as well as staycation and weekend visitors taking holidays locally.

The nature of the restrictions in the early months of the year meant that initially our pubs operated more like restaurants, as customers were required to book, be greeted on arrival by a host and to sit at their tables rather than enjoy the freedom of vertical drinking. Nonetheless that pent-up demand was a joyous return as we welcomed customers eager to get out and enjoy being back at the pub again. Along with the reduced VAT rate, this meant a six per cent shift to our sales mix in favour of food.

Drink sales ultimately suffered, with the 24 complete weeks trading down by 13.8% on a like-for-like basis, in comparison to the same 24-week period in 2019, whereas our like-for-like food sales were up by 13.3%.

Our hotel performance has varied largely based on geography with those in staycation hotspots benefiting from long periods of restricted foreign travel, whilst those reliant on business customers suffered. Accommodation sales gradually picked up as the period progressed with improved consumer confidence in staying away from home, but still ended the period behind 2019 by 26.7%, despite benefitting from the reduced VAT rate.

With our focus on capitalising on the pent-up demand, our planned development capex programme does not kick into full force until the second half of the year. However, during the period, we invested £9.0 million in our existing estate, with the standout being the ongoing work at the Spread Eagle in Wandsworth, a freehold pub and hotel which will also be home to our new head office. We are on course to move in during spring 2022.

At the beginning of the period, we completed the freehold acquisition of the Greenwich Union, a pub located adjacent to our Richard the First pub. Initially, this provided additional external trading space for the summer months, but with planning permission approved we are due to press ahead combining the internal trading areas. In September we transferred the Grand Junction Arms (Harlesden) to managed operations, an example of capitalising on opportunities within our remaining tenanted estate. Now closed for a full and extensive investment, the transformation of the canal side pub will be ready to open ahead of the new financial year.

With the limited property movements, we ended the period with 211 managed houses (including 30 hotels), up from 210 at the end of the last period.

Tenanted division

Initially, approximately half the businesses in our tenanted division were unable to open in April due to the lack of viable external trading space. However, as restrictions began to ease, most of the remaining pubs opened, and performance was encouraging.

The sale of most of the tenanted division in the period has obviously reduced the number of pubs dramatically, and along with the other movements, we ended the period with just five tenanted pubs. As a result, combined with the challenging trading environment in the first half of the period, total turnover was £3.2 million, with an adjusted operating profit of £1.0 million.

Investment and finance

Adjusting items from continuing operations totalled a profit of £0.4 million, compared with a cost of £2.6 million last interim period.

Apart from the sale of tenanted pubs which completed in August, we also disposed of the Grove House (Camberwell) earlier in the year at its full book value. Of the remaining six tenancies an agreement was signed for the early termination of one lease, for which we recognised a gain of £0.7 million in the period. The business will continue to trade for the remainder of the financial year. In September, the Grand Junction Arms (Harlesden) transferred to the managed house division with tenant compensation cost of £0.2 million. This is in line with our strategy of maximising the returns of tenanted businesses where there are investment opportunities to operate as a managed pub.

The remaining £0.1 million relates to purchase costs paid for the Greenwich Union and lease extensions of the Cherry Tree (Dulwich) and Riverside House.

With the sale of most of our tenancies, a gain on disposal of £9.0 million was the difference between the carrying value of the assets at disposal and the cash received, less costs, recognised in discontinued operations.

Our top line trading performance has flowed through to strong profit conversion and cash generation. Six months of positive trading cash flow coupled with the sale of our tenanted pubs for a cash consideration of £53.0 million, helped reduce our net debt to £140.3 million, down significantly from the year-end of £248.7 million. At the period end, we had cash of £68.2 million and drawn down facilities of £135.0 million, giving us bank debt headroom of £188.2 million, well inside our revised covenant waivers.

As a result of the reopening of our pubs, the positive trading and cash generation in the period, the board has decided that it is appropriate to resume dividends with payment of an interim dividend in respect of the period ended 27 September 2021.

ESG

As a group, we are committed to operating sustainably and to continuously finding ways to reduce our carbon footprint. Our managed houses lie at the heart of the communities in which we operate, bringing people together and giving us the opportunity to improve the health and well-being of both our teams and our customers.

We are founding members of the Zero Carbon Forum and key members of our leadership team actively participate in their working groups, sharing ideas, collaborating, and collectively working towards a net zero future. Our carbon footprint is currently being calculated and we will announce our net zero commitments and our short and longer-term ESG targets as part of the group's preliminary results announcement in May 2022.

In the meantime, we will continue to play an active role in developing sector wide plans to reduce emissions, whilst further developing our own ESG initiatives. Examples include continuing to evolve our menus to increase sustainability – sourcing predominantly seasonal, premium, British produce; actively working to reduce the number of food deliveries and, as a result, our food miles; rolling out a building management system to our pubs to monitor and reduce energy consumption and the resumption of training for all general managers and head office line managers as mental health first aid champions. Further information about our ESG initiatives and our evolving sustainability strategy will be provided in the ESG section of our 2022 Annual Report.

Current trading and outlook

We have come through a difficult period that has hit the hospitality sector harder than most. If anything, trading in our pubs has come back stronger than we could have anticipated, and in many cases ahead of where we were two years ago. Future bookings are also looking positive. With excitement for the festive season building week on week, there is potential for a very good second half. There is now a real sense of enthusiasm and anticipation across the business for the months and years to come.

Whilst during the period, Central London and the City in particular were impacted by fewer office workers and foreign tourists, pub sales in these areas have picked up over the last few weeks. International travel restrictions are easing, more people have already returned to the workplace, and company events are becoming more of a feature, boosting our pubs in London and elsewhere, with more to come. Over the last 13 weeks these improvements to trade have been evident with our total sales ahead of the 2019 comparatives by 7.9%, and up by 2.7% on a like-for-like basis.

As tough as the last 18 months have been, there is much to suggest that we have come through it well, and that the business continues to be in a position of strength. Ongoing support and loyalty from our shareholders has also been key in ensuring we remain focused on the long-term. The resilience of our people and customers has been striking, and the demand for social interaction and celebrations, things that people have really missed during the pandemic, shows no sign of abating.

We have shown that our pubs are safe and attractive places, that we are ready to operate – and operate successfully – in both the challenging times, and in what we believe will be some very good times ahead. Above all, we continue to work hard to look after our customers, whose loyalty has never wavered. We are well-positioned for future growth.

Patrick Dardis
Chief Executive

10 November 2021

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

For the 26 weeks ended 27 September 2021

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the interim report for the 26 weeks ended 27 September 2021 which comprises the group income statement, the group statement of comprehensive income, the group balance sheet, the group statement of changes in equity, the group statement of cash flow and the related explanatory notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the 26 weeks ended 27 September 2021 is not prepared, in all material respects, in accordance with the accounting policies outlined in Note 1, which comply with UK-adopted International Accounting Standards and in accordance with the AIM Rules issued by the London Stock Exchange.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with UK-adopted International Accounting Standards.

Responsibilities of the directors

The directors are responsible for preparing the interim report in accordance with the AIM Rules issued by the London Stock Exchange which require that it is presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Auditor's Responsibilities for the review of the financial information

In reviewing the interim report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the interim report. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP,
London

10 November 2021

Group income statement

For the 26 weeks ended 27 September 2021

	Notes	**Unaudited 26 weeks to 27 Sep 2021 £m**	Restated unaudited 26 weeks to 28 Sep 2020 £m	*Restated audited 52 weeks to 29 Mar 2021 £m*
Continuing operations				
Revenue	3	**149.6**	52.7	*88.0*
Other income	4	**3.8**	0.3	*4.7*
Operating costs before adjusting items		**(126.3)**	(67.7)	*(125.9)*
Adjusted operating profit/(loss)		**27.1**	(14.7)	*(33.2)*
Adjusting items	2	**0.4**	(2.6)	*(1.3)*
Operating profit/(loss)		**27.5**	(17.3)	*(34.5)*
Finance costs		**(5.2)**	(4.8)	*(9.8)*
Finance charge for pension obligations	12	**(0.1)**	(0.1)	*(0.2)*
Profit/(loss) before tax from continuing operations		**22.2**	(22.2)	*(44.5)*
Income tax (expense)/credit	6	**(11.7)**	2.6	*6.9*
Profit/(loss) after tax for the period from continuing operations		**10.5**	(19.6)	*(37.6)*
Discontinued operations				
Profit/(loss) after tax for the period from discontinued operations	5	**9.5**	0.4	*(0.7)*
Profit/(loss) for the period attributable to shareholders of the parent company		**20.0**	(19.2)	*(38.3)*
		Pence	Pence	*Pence*
Earnings/(loss) per 12.5p ordinary share				
Basic	7	**34.20**	(35.70)	*(68.23)*
Diluted	7	**34.20**	(35.70)	*(68.23)*
Earnings/(loss) per 12.5p ordinary share for continuing operations				
Basic	7	**17.96**	(36.45)	*(66.98)*
Diluted	7	**17.95**	(36.45)	*(66.98)*

Prior period comparatives have been restated for the application of IFRS 5 to re-present financial information in relation to discontinued operations (see note 1: New accounting standards and accounting policies).

Group statement of comprehensive income

For the 26 weeks ended 27 September 2021

	Notes	**Unaudited 26 weeks to 27 Sep 2021 £m**	Unaudited 26 weeks to 28 Sep 2020 £m	*Audited 52 weeks to 29 Mar 2021 £m*
Profit/(loss) for the period		**20.0**	(19.2)	*(38.3)*
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Unrealised gain on revaluation of property		**–**	–	*9.0*
Remeasurement of retirement benefit schemes	12	**1.1**	(9.2)	*0.9*
Tax on above components of other comprehensive income	6	**(14.9)**	1.8	*(4.0)*
Items that will be reclassified subsequently to profit or loss:				
Fair value movement of interest rate swaps		**1.2**	0.1	*2.5*
Tax on fair value movement of interest rate swaps	6	**(0.1)**	–	*(0.5)*
		(12.7)	(7.3)	*7.9*
Total comprehensive income/(loss) attributable to shareholders of the parent company		**7.3**	(26.5)	*(30.4)*

Total comprehensive loss attributable to shareholders of the parent company from continuing operations		**(2.2)**	(26.9)	*(30.9)*
Total comprehensive income attributable to shareholders of the parent company from discontinued operations		**9.5**	0.4	*0.5*

Group balance sheet

At 27 September 2021

	Notes	**Unaudited at 27 Sep 2021 £m**	Unaudited at 28 Sep 2020 £m	*Audited at 29 Mar 2021 £m*
Non-current assets				
Goodwill		**32.5**	32.5	*32.5*
Property and equipment	10	**732.7**	762.0	*773.7*
Right-of-use assets	11	**149.0**	159.9	*158.0*
Deferred tax assets		**6.3**	10.5	*8.6*
		920.5	964.9	*972.8*
Current assets				
Inventories		**4.3**	3.7	*2.6*
Trade and other receivables		**3.9**	8.2	*10.4*
Income tax receivable		**6.5**	2.1	*5.8*
Cash		**68.2**	39.8	*4.7*
		82.9	53.8	*23.5*
Asset held for sale		**–**	–	*1.2*
Total assets		**1,003.4**	1,018.7	*997.5*
Current liabilities				
Borrowings		**–**	(29.8)	*(29.8)*
Lease liabilities		**(4.9)**	(5.0)	*(4.9)*
Derivative financial instruments		**(1.6)**	(2.2)	*(1.8)*
Trade and other payables		**(39.3)**	(33.9)	*(15.8)*
		(45.8)	(70.9)	*(52.3)*
Non-current liabilities				
Borrowings		**(133.7)**	(133.3)	*(143.4)*
Lease liabilities		**(69.9)**	(75.5)	*(75.3)*
Derivative financial instruments		**(0.4)**	(3.4)	*(1.4)*
Deferred tax liabilities		**(96.3)**	(69.8)	*(73.6)*
Retirement benefit schemes	12	**(4.5)**	(16.8)	*(6.1)*
Other liabilities		**–**	(0.1)	*–*
		(304.8)	(298.9)	*(299.8)*
Total liabilities		**(350.6)**	(369.8)	*(352.1)*
Net assets		**652.8**	648.9	*645.4*
Capital and reserves				
Share capital	13	**7.3**	7.3	*7.3*
Share premium	13	**7.7**	7.5	*7.6*
Capital redemption reserve		**1.8**	1.8	*1.8*
Hedging reserve		**(1.3)**	(4.3)	*(2.4)*
Revaluation reserve		**228.2**	248.5	*253.6*
Retained earnings		**409.1**	388.1	*377.5*
Total equity		**652.8**	648.9	*645.4*

Group statement of changes in equity

For the 26 weeks ended 27 September 2021

	Notes	Share capital and premium £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
At 29 March 2021		**14.9**	**1.8**	**(2.4)**	**253.6**	**377.5**	**645.4**
Total comprehensive income							
Profit for the 26 week period		–	–	–	–	20.0	20.0
Other comprehensive income							
Remeasurement of retirement benefit schemes	12	–	–	–	–	1.1	1.1
Fair value movement of interest rate swaps		–	–	1.2	–	–	1.2
Tax on above components of other comprehensive income	6	–	–	(0.1)	(16.5)	1.6	(15.0)
Total comprehensive income		–	–	1.1	(16.5)	22.7	7.3
Transactions with owners recorded directly in equity							
Issued equity	13	0.1	–	–	–	–	0.1
Revaluation reserve realised on disposal of properties		–	–	–	(8.9)	8.9	–
		0.1	–	–	(8.9)	8.9	0.1
At 27 September 2021		**15.0**	**1.8**	**(1.3)**	**228.2**	**409.1**	**652.8**
At 30 March 2020		**13.6**	**1.8**	**(4.4)**	**248.4**	**331.4**	**590.8**
Total comprehensive income							
Loss for the 26 week period		–	–	–	–	(19.2)	(19.2)
Other comprehensive income							
Remeasurement of retirement benefit schemes	12	–	–	–	–	(9.2)	(9.2)
Fair value movement of interest rate swaps		–	–	0.1	–	–	0.1
Tax on above components of other comprehensive income	6	–	–	–	0.1	1.7	1.8
Total comprehensive loss		–	–	0.1	0.1	(26.7)	(26.5)
Transactions with owners recorded directly in equity							
Issued equity[1]	13	1.2	–	–	–	83.6	84.8
Share based payments		–	–	–	–	(0.2)	(0.2)
		1.2	–	–	–	83.4	84.6
At 28 September 2020		**14.8**	**1.8**	**(4.3)**	**248.5**	**388.1**	**648.9**

1 During the prior period, the group raised proceeds of £84.8 million, net of transaction costs. A cash box structure was used in such a way that merger relief was available under Companies Act 2006, section 612, and thus no share premium was recorded. As the redemption of the cash box entity's preference shares was in the form of cash, the transaction was treated as qualifying consideration and the premium was therefore considered to be a realised profit.

Group statement of cash flow

For the 26 weeks ended 27 September 2021

	Notes	**Unaudited 26 weeks to 27 Sep 2021 £m**	Unaudited 26 weeks to 28 Sep 2020 £m	*Audited 52 weeks to 29 Mar 2021 £m*
Operating activities				
Net cash generated from operations	9	**71.4**	–	*(23.0)*
Tax paid		**(2.9)**	–	*–*
Net cash flow from operating activities		**68.5**	–	*(23.0)*
Investing activities				
Proceeds from disposal of property and equipment		**54.4**	0.4	*0.4*
Purchases of property and equipment	10	**(13.1)**	(4.2)	*(19.1)*
Net cash used in investing activities		**41.3**	(3.8)	*(18.7)*
Financing activities				
Issued equity, net of transaction costs	13	**0.1**	84.8	*84.9*
Interest paid		**(4.5)**	(4.6)	*(9.8)*
Payments of principal portion of lease liabilities		**(1.9)**	(2.2)	*(4.3)*
Repayments of borrowings[1]		**(40.0)**	(115.5)	*(115.5)*
Proceeds from borrowings		**–**	80.0	*90.0*
Net cash flow used in financing activities		**(46.3)**	42.5	*45.3*
Increase in cash		**63.5**	38.7	*3.6*
Cash at the beginning of the period		**4.7**	1.1	*1.1*
Cash at the end of the period		**68.2**	39.8	*4.7*

1 In the period, the group repaid £30.0 million Covid Corporate Financing Facility and £10.0 million Revolving Credit Facility. During the prior 52 week period to 29 March 2021 repayments of borrowings related to £65.5 million Revolving Credit Facility and £50.0 million syndicated facility with RBS and Barclays.

Notes to the financial statements

1. Accounts

This interim report was approved by the board on 10 November 2021. The interim financial statements are unaudited and are not the group's statutory accounts as defined in s.434 of the Companies Act 2006.

The consolidated interim financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (UK-adopted International Accounting Standards). These standards are applied from 30 March 2021 with no changes to the accounting policies set out in the statutory accounts of Young & Co.'s Brewery, P.L.C. for the period ended 29 March 2021 (IFRS), except for those noted below. The financial statements have not been prepared (and are not required to be prepared) in accordance with IAS 34: 'Interim Financial Reporting', with the exception of note 6, taxation, where the tax charge for the half year to 27 September 2021 has been calculated using an estimate of the full year effective tax rate, in line with the principles of IAS 34. The accounting policies have been applied consistently throughout the group for the purposes of preparation of this financial information.

The interim report is presented in pounds sterling and all values are shown in millions of pounds (£m) rounded to the nearest £0.1 million, except where otherwise indicated.

Statutory accounts for the period ended 29 March 2021 have been delivered to the Registrar of Companies. The auditor's report on those accounts (i) was unqualified and (ii) contained a material uncertainty in respect to the group and parent company's ability to continue as a going concern, without modifying its opinion. That report did not contain a statement under s.498(2) or (3) of the Companies Act 2006.

This interim report has been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

New accounting standards and accounting policies

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

In the period ended 27 September 2021 the group disposed of the majority of pubs previously traded under the Ram Pub Company as tenanted pubs and were disclosed separately in the segmental reporting note. Management has considered the sale and has concluded that the sale meets the definition of a discontinued operation.

A discontinued operation is a component of the entity that has been disposed of, or is classified as held for sale, and that represents a separate major line of business and is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately in the income statement.

The sale was completed in one transaction to one buyer and all related assets and liabilities together met the definition of a disposal group.

As a result of the above, the financial statements for the period ended 27 September 2021 and prior comparative periods have been restated in accordance with the standard to re-present discontinued operations in the income statement and instead display the impact as a separate income statement line showing the post-tax profit of discontinued operations. Further detailed analysis of that single amount into revenue, expenses and cash flows is disclosed in note 5.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

The group will no longer be disclosing the segmental reporting note due to the majority of the Ram Pub Company pubs' disposal.

Amendments to accounting standards

Other amendments to accounting standards applied from 30 March 2021 were as follows:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39 and IFRS 7; and
- IFRS 16 (amended) – covid-19 related rent concessions beyond 30 June 2021.

The application of these did not have a material impact on the group's accounting treatment and has therefore not resulted in any material changes.

Going concern

At 27 September 2021, the group had cash in bank of £68.2 million and committed borrowing facilities of £255.0 million, of which £135.0 million was drawn down. The group has forecast cash flows for the period to the end of November 2022 (the 'going concern period') and expects to have available facilities of £235.0 million, with the £20.0 million RCF NatWest facility maturing at the end of November 2021. In addition to these committed facilities, we have a £10.0 million overdraft with HSBC, which is not committed.

With the potential ongoing disruption due to covid-19, the group previously agreed with its lenders that the financial covenants on these facilities would be replaced by a monthly available liquidity test, through to the quarter ending March 2022. These waivers require the group to have £25.0 million of available liquidity at each month-end until the quarter ending March 2022 and for total drawn down loan facilities not to exceed £220.0 million during the waiver period.

Aligned to the Government's hospitality reopening plan, all the group's pubs were initially allowed to reopen on 12 April 2021 with outdoor trading only, from 17 May 2021 indoor trading and finally on 19 July 2021 all remaining restrictions were lifted. The group is pleased with trading levels since reopening and the quick return to positive trading cash flow. Since the year-end (29 March 2021), cash reserves have been further supported through the sale of 56 tenanted pubs for total proceeds of £53.0 million.

Whilst the group's entire pub estate is open and trading, there does remain a degree of uncertainty ahead due to the ongoing impact of covid-19. As part of the directors' consideration of the appropriateness of adopting the going concern basis, the group has modelled several scenarios for the period to the end of November 2022. The key judgements applied are the extent of any potential future disruption to trading as a result of covid-19, including a general reduction in trade combined with the re-introduction of more severe covid-related restrictions, such as periods of closure. The base model assumes the group continues to trade as now with no restrictions, and trade continues to build in line with Young's growth strategy. The more severe scenario includes a period of forced closure in January and further reduced levels of trade during December by 20% and February by 30%. The group has assumed no significant structural changes to the business will be needed in any of the scenarios modelled.

In the base case scenario, there continues to be significant headroom on our debt facilities, and when the group reverts to testing the original banking covenants in March 2022 they are fully complied with. Under the more severe scenario where the pubs are forced to close in January and trade is reduced during December and February, there still remains headroom on available debt facilities and all banking covenants are complied with across the going concern period. Under the reverse stress test, the group focussed on the drop in profitability required to cause a failure to the group's financial covenants. For these covenants to fail during the going concern period, it would involve pubs being forced to close for between four to six months, depending on whether this closure impacted the Christmas period, and when open, to be at around 50% of the base model profitability. Given the trading performance since reopening, coupled with the current government covid-19 response plans, the board believes that this scenario is remote.

Based on these forecasts and sensitivities, coupled with the current debt levels and the ongoing debt structure in place, the board has a reasonable expectation that the group is able to manage its business risks and to continue in operational existence until at least the end of November 2022. Accordingly, the board continues to adopt the going concern basis in preparing the consolidated interim statements.

2. Adjusting items and other financial measures

The table below shows adjusting items from continuing operations. For discontinued operations see note 5.

	26 weeks to 27 Sep 2021 £m	Restated 26 weeks to 28 Sep 2020 £m	*Restated 52 weeks to 29 Mar 2021 £m*
Amounts included in operating profit/(loss)			
Net profit/(loss) on disposal of properties[1]	**0.7**	(0.2)	*(0.5)*
Tenant compensation[2]	**(0.2)**	(0.5)	*(0.5)*
Purchase costs[3]	**(0.1)**	–	–
Group reorganisation[4]	**–**	(1.4)	*(1.4)*
Covid restructuring[5]	**–**	(0.5)	*(0.5)*
Upward movement on the revaluation of properties (note 10)[6]	**–**	–	*2.9*
Downward movement on the revaluation of properties (note 10)[6]	**–**	–	*(1.3)*
	0.4	(2.6)	*(1.3)*
Tax on adjusting items			
Tax attributable to above adjusting items	**(0.3)**	0.1	*0.2*
Impact of change in corporation tax rate[7]	**(6.1)**	–	–
	(6.4)	0.1	*0.2*
Total adjusting items after tax	**(6.0)**	(2.5)	*(1.1)*

During the period tenant compensation and purchase costs related to managed houses. Net profit on disposal of properties related to tenanted houses.

1 The profit on disposal of properties related to the difference between cash, less disposal costs, received from the sale of the Grove House (Camberwell) and the carrying value of its assets, at the date of disposal, and the surrender premium related to the lease of a tenanted pub. During the previous 52 week period to 29 March 2021, the loss on disposal of properties related to the difference between cash, less disposal costs, received from the sale of the Horse Pond Inn (Castle Cary), the lease expiry of the Black Cat (Catford), the Surprise (Chelsea) and the Greyhound (Hendon) and the carrying value of their assets, including goodwill, at the dates of disposal.

2 Tenant compensation of £0.2 million was paid to previous tenants of the Grand Junction Arms (Harlesden) to terminate their lease agreement early. During the previous 52 week period to 29 March 2021, tenant compensation of £0.5 million was paid to previous tenants of the Royal Oak (Bethnal Green) and an unlicensed property (Wandsworth) to terminate their lease agreements early.

3 Costs related to the purchase of Greenwich Union (Greenwich), lease extensions of Cherry Tree (Dulwich) and the Riverside House (Wandsworth). These included legal and professional fees and stamp duty land tax (note 6).

4 During the previous 52 week period to 29 March 2021, the group reorganisation cost of £1.4 million related to the stamp duty land tax and associated legal and professional fees incurred on the transfer of the business and assets of Spring Pub Company Limited, a group of five sites acquired on 12 March 2020 to Young's. The cost was foreseen at the time of the acquisition in March 2020, but did not crystalise until the transfer happened in September 2020.

5 During the previous 52 week period to 29 March 2021, covid restructuring costs of £0.5 million related to a reorganisation of the group's head office functions. These were largely made up of severance costs.

6 The net upward movement on the revaluation of properties in the previous 52 week period to 29 March 2021 related to net upward movements in excess of amounts recognised in equity. See note 10(1) in the statutory accounts for the period ended 29 March 2021 for further details.

7 An increase in the corporation tax rate from 19% to 25%, with effect from 1 April 2023, was announced in the March 2021 Budget, and substantively enacted on 24 May 2021. This has resulted in an increase in the deferred tax liabilities and assets of the group, to the extent they are not expected to reverse prior to 1 April 2023, with a net charge of £6.1 million associated with the rate change. This has been recognised as an adjusting item in the tax charge for the period as it is unrelated to the underlying trading activities of the group.

Other financial measures

The table below shows how adjusted EBITDA, adjusted operating profit/(loss) and profit/(loss) before tax have been arrived at. These alternative performance measures have been provided as the board believes that they give useful additional measures of the group's underlying performance and are the measures that the board uses to assess the group's performance. Other financial measures exclude discontinued operations.

	26 weeks to 27 Sep 2021 £m	Restated 26 weeks to 28 Sep 2020 £m	*Restated 52 weeks to 29 Mar 2021 £m*
Profit/(loss) before tax	**22.2**	(22.2)	*(45.5)*
Adjusting items	**(0.4)**	2.6	*1.3*
Adjusted profit/(loss) before tax	**21.8**	(19.6)	*(44.2)*
Net finance costs	**5.2**	4.8	*9.8*
Finance charge for pension obligations	**0.1**	0.1	*0.2*
Adjusted operating profit/(loss)	**27.1**	(14.7)	*(34.2)*
Depreciation and amortisation	**15.6**	16.2	*31.8*
Adjusted EBITDA	**42.7**	1.5	*(2.4)*

During the period, £37.1 million of adjusted operating profit related to managed houses and £0.2 million related to tenanted houses. Adjusted operating loss of £10.2 million mainly related to head office costs and was unallocated.

During the period, £52.2 million of adjusted EBITDA related to managed houses and £0.4 million related to tenanted houses. Adjusted negative EBITDA of £9.9 million mainly related to head office costs and was unallocated.

3. Revenue

The recognition of revenue from continuing operations under each of the group's material streams is as follows:

	26 weeks to 27 Sep 2021 £m	Restated 26 weeks to 28 Sep 2020 £m	*Restated 52 weeks to 29 Mar 2021 £m*
Sales of goods	**143.6**	50.6	*84.9*
Accommodation sales	**5.5**	1.6	*2.5*
Total revenue from contracts with customers	**149.1**	52.2	*87.4*
Rental income	**0.5**	0.5	*0.6*
Total revenue recognised	**149.6**	52.7	*88.0*

During the period, £148.9 million of revenue related to managed houses, £0.6 million related to tenanted houses and £0.1 million was unallocated.

4. Government grants and assistance

During the period, the group was eligible for a number of government grant schemes which were introduced to mitigate the impact of covid-19. The impact of each scheme on the income statement was as follows:

Government grant scheme	Income statement line impacted	**26 weeks to 27 Sep 2021 £m**	26 weeks to 28 Sep 2020 £m	*52 weeks to 29 Mar 2021 £m*
Eat Out to Help Out	Revenue	**–**	2.4	*2.4*
Business rate grant	Other income	**3.8**	0.3	*4.7*
Coronavirus Job Retention Scheme ('CJRS')	Operating costs before adjusting items	**2.6**	21.9	*43.3*
Covid Corporate Financing Facility ('CCFF')	Finance costs	**–**	0.1	*0.1*
Total government grants received		**6.4**	24.7	*50.5*

The table above shows government grant amounts related to continuing operations.

The Covid Corporate Financing Facility was repaid in full in May 2021.

In addition, during the period, the group continued to take advantage of the business rate holiday, saving £3.7 million (26 weeks to 28 September 2020: £7.7 million), further business rate relief under the expanded retail discount, saving £0.7 million (26 weeks to 28 September 2020: £nil) and reduced 5% VAT on eligible sales.

5. Discontinued operations

On 2 July 2021, the board made the decision to sell most of its tenanted estate, and the 56 sites were classified as a discontinued operation. The disposal for a total consideration of £53.0 million occurred on 9 August 2021 and was consistent with the group's strategy to target growth through investment on higher turnover managed pubs and hotels.

With the 56 out of 63 tenanted estate sites being classified as discontinued operations, the Ram Pub Company segment is no longer presented in a segmental reporting note. Total revenue generated from the Ram Pub Company was £3.2 million, of which £0.6 million related to continuing operations and the remaining £2.6 million related to discontinued operations. The results from discontinued operations for the period are presented below:

	26 weeks to 27 Sep 2021 £m	26 weeks to 28 Sep 2020 £m	*52 weeks to 29 Mar 2021 £m*
Revenue	**2.1**	1.5	*2.0*
Rental income	**0.5**	0.9	*0.6*
Total revenue	**2.6**	2.4	*2.6*
Operating costs	**(1.8)**	(2.0)	*(3.5)*
Adjusted operating profit/(loss)	**0.8**	0.4	*(0.9)*
Adjusting items[1]	**9.0**	–	*0.2*
Profit/(loss) before tax	**9.8**	0.4	*(0.7)*
Income tax expense	**(0.3)**	–	*–*
Profit/(loss) after tax from discontinued operations	**9.5**	0.4	*(0.7)*

1 Adjusting items related to the difference between cash, less disposal costs, received from the sale of the 56 sites and the carrying value of their assets, at the date of disposal. During the previous 52 week period to 29 March 2021, the adjusting items related to the net upward movement on the revaluation of properties in excess of amounts recognised in equity. See note 10(1) in the statutory accounts for the period ended 29 March 2021 for further details.

Earnings/(loss) per ordinary share for discontinued operations

	26 weeks to 27 Sep 2021 Number	26 weeks to 28 Sep 2020 Number	*52 weeks to 29 Mar 2021 Number*
Basic weighted average number of ordinary shares in issue	**58,475,877**	53,774,655	*56,132,368*
Dilutive potential ordinary shares from outstanding employee share options	**4,890**	–	*–*
Diluted weighted average number of shares	**58,480,767**	53,774,655	*56,132,368*

	Pence	Pence	*Pence*
Basic	**16.25**	0.74	*(1.25)*
Effect of adjusting items	**(14.88)**	–	*(0.35)*
Adjusted basic	**1.37**	0.74	*(1.60)*

5. Discontinued operations continued

	26 weeks to 27 Sep 2021 Pence	26 weeks to 28 Sep 2020 Pence	*52 weeks to 29 Mar 2021 Pence*
Diluted	**16.24**	0.74	*(1.25)*
Effect of adjusting items	**(14.87)**	–	*(0.35)*
Adjusted diluted	**1.37**	0.74	*(1.60)*

The table below shows tax charged on discontinued operations.

Tax charged in the group income statement	**26 weeks to 27 Sep 2021 £m**	26 weeks to 28 Sep 2020 £m	*52 weeks to 29 Mar 2021 £m*
Deferred tax			
Rolled over gains on disposal of properties	**1.8**	–	–
Reversal of temporary differences on revaluations	**(1.5)**	–	–
Tax charge in the income statement	**0.3**	–	–

The net cash flows incurred are, as follows:

	26 weeks to 27 Sep 2021 £m	26 weeks to 28 Sep 2020 £m	*52 weeks to 29 Mar 2021 £m*
Operating	**0.1**	(5.9)	*(5.0)*
Investing	**52.5**	(0.3)	*(0.7)*
Financing	**(0.1)**	(0.1)	*(0.2)*
Net cash inflow/(outflow)	**52.5**	(6.3)	*(5.9)*

6. Taxation

The taxation charge for the 26 weeks ended 27 September 2021 has been calculated by applying an estimate of the current effective tax rate before adjusting items for the 52 weeks ending 28 March 2022 at 8.7% (2021: 10.1%).

Tax charged in the group income statement from continuing operations	**26 weeks to 27 Sep 2021 £m**	26 weeks to 28 Sep 2020 £m	*52 weeks to 29 Mar 2021 £m*
Current tax			
Corporation tax expense/(credit)	**2.1**	(2.0)	*(5.8)*
	2.1	(2.0)	*(5.8)*
Deferred tax			
Origination and reversal of temporary differences	**3.5**	(0.6)	*(1.6)*
Change in corporation tax rate	**6.1**	–	–
Adjustment in respect of prior periods	**–**	–	*0.5*
	9.6	(0.6)	*(1.1)*
Tax charge/(credit) in the income statement	**11.7**	(2.6)	*(6.9)*

Deferred tax in the group income statement			
Property revaluation and disposals	**–**	–	*(0.1)*
Capital allowances	**1.9**	(0.8)	*(0.2)*
Retirement benefit schemes	**0.1**	0.1	*0.2*
Trade losses	**0.6**	–	*(1.0)*
Capital losses	**0.8**	–	–
Share based payments	**0.1**	0.1	–
Change in corporation tax rate	**6.1**	–	–
Tax charge/(credit) in the income statement	**9.6**	(0.6)	*(1.1)*

Deferred tax in the group statement of comprehensive income			
Interest rate swaps	**0.2**	–	*0.5*
Retirement benefit schemes	**0.2**	(1.7)	*0.2*
Property revaluation and disposals	**0.2**	(0.1)	*3.8*
Capital losses	**(0.2)**	–	–
Change in corporation tax rate	**14.6**	–	–
Tax charge/(credit) in other comprehensive income	**15.0**	(1.8)	*4.5*

6. Taxation continued

The 2021 Budget announced an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021. Accordingly, the deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 25%, to the extent they are not expected to reverse before 1 April 2023. This amount has been recognised as an adjusting item (see note 2).

The effective full year current tax rate of 8.7% is down from 10.1% in the prior year. This is due largely to the temporary differences arising from the introduction, with effect from 1 April 2021, of the capital allowances "super deduction" at 130% of eligible expenditure and special rate allowance at 50% of eligible expenditure, substantively enacted on 24 May 2021. The effective tax rate is also impacted by losses brought forward from the prior year, utilised in the period.

7. Earnings/(loss) per ordinary share

(a) Weighted average number of shares

	26 weeks to 27 Sep 2021 Number	26 weeks to 28 Sep 2020 Number	*52 weeks to 29 Mar 2021 Number*
Basic weighted average number of ordinary shares in issue	**58,475,877**	53,774,655	*56,132,368*
Dilutive potential ordinary shares from outstanding employee share options	**4,890**	–	–
Diluted weighted average number of shares	**58,480,767**	53,774,655	*56,132,368*

(b) Earnings/(loss) attributable to shareholders of the parent company

	26 weeks to 27 Sep 2021 £m	26 weeks to 28 Sep 2020 £m	*52 weeks to 29 Mar 2021 £m*
Profit/(loss) for the period	**20.0**	(19.2)	*(38.3)*
Adjusting items	**(9.4)**	2.6	*1.1*
Tax on adjusting items	**6.7**	(0.1)	*(0.2)*
Adjusted earnings/(loss) after tax	**17.3**	(16.7)	*(37.4)*

Basic earnings/(loss) per share

	Pence	Pence	*Pence*
Basic	**34.20**	(35.70)	*(68.23)*
Effect of adjusting items	**(4.62)**	4.64	*1.60*
Adjusted basic	**29.58**	(31.06)	*(66.63)*

Diluted earnings/(loss) per share

	Pence	Pence	*Pence*
Diluted	**34.20**	(35.70)	*(68.23)*
Effect of adjusting items	**(4.62)**	4.64	*1.60*
Adjusted diluted	**29.58**	(31.06)	*(66.63)*

(c) Earnings/(loss) from continuing operations

	26 weeks to 27 Sep 2021 £m	26 weeks to 28 Sep 2020 £m	*52 weeks to 29 Mar 2021 £m*
Profit/(loss) for the period	**10.5**	(19.6)	*(37.6)*
Adjusting items	**(0.4)**	2.6	*1.3*
Tax on adjusting items	**6.4**	(0.1)	*(0.2)*
Adjusted earnings/(loss) after tax	**16.5**	(17.1)	*(36.5)*

Basic earnings/(loss) per share

	Pence	Pence	*Pence*
Basic	**17.96**	(36.45)	*(66.98)*
Effect of adjusting items	**10.26**	4.65	*1.96*
Adjusted basic	**28.22**	(31.80)	*(65.02)*

Diluted earnings/(loss) per share

	Pence	Pence	*Pence*
Diluted	**17.95**	(36.45)	*(66.98)*
Effect of adjusting items	**10.26**	4.65	*1.96*
Adjusted diluted	**28.21**	(31.80)	*(65.02)*

The basic earnings/(loss) per share figure is calculated by dividing the net profit/(loss) for the period by the weighted average number of ordinary shares in issue during the period. Diluted earnings/(loss) per share are calculated on a similar basis taking into account dilutive potential shares under our SAYE scheme (2020: nil).

Adjusted earnings/(loss) per share are presented to eliminate the effect of the adjusting items on basic and diluted earnings/(loss) per share.

For basic, diluted and the effect of adjusting items on earnings/(loss) per share on discontinued operations see note 5.

8. Dividends on equity shares

The interim dividend, in respect of the period ended 27 September 2021, at a cost of £5.0 million (for the period ended 28 September 2020: £nil), is expected to be paid on 3 December 2021 to shareholders on the register at the close of business on 18 November 2021.

9. Net cash generated from operations and analysis of net debt

	26 weeks to 27 Sep 2021 £m	26 weeks to 28 Sep 2020 £m	*52 weeks to 29 Mar 2021 £m*
Profit/(loss) before tax from continuing operations	**22.2**	(22.2)	*(44.5)*
Profit/(loss) before tax from discontinued operations	**9.8**	0.4	*(0.7)*
Finance costs	**5.2**	4.8	*9.9*
Finance charge for pension obligations	**0.1**	0.1	*0.2*
Operating profit/(loss)	**37.3**	(16.9)	*(35.1)*
Depreciation of property and equipment	**12.4**	13.3	*26.1*
Depreciation of right-of-use assets	**3.6**	3.9	*7.6*
Movement on the revaluation of properties	**–**	–	*(1.8)*
Net (gain)/loss on disposal of properties	**(9.6)**	0.2	*0.5*
Difference between pension service cost and cash contributions paid	**(0.6)**	(0.7)	*(1.4)*
Share based payments	**–**	(0.2)	*(0.1)*
Movements in working capital			
– Inventories	**(1.7)**	(0.4)	*0.7*
– Receivables	**6.5**	1.0	*(1.2)*
– Payables	**23.5**	(0.2)	*(18.3)*
Net cash generated from operations	**71.4**	–	*(23.0)*

Analysis of group net debt

	At 27 Sep 2021 £m	At 28 Sep 2020 £m	*At 29 Mar 2021 £m*
Cash	**68.2**	39.8	*4.7*
Current borrowings and loan capital	**–**	(29.8)	*(29.8)*
Current lease liabilities	**(4.9)**	(5.0)	*(4.9)*
Non-current borrowings and loan capital	**(133.7)**	(133.3)	*(143.4)*
Non-current lease liabilities	**(69.9)**	(75.5)	*(75.3)*
Net debt	**(140.3)**	(203.8)	*(248.7)*

10. Property and equipment

Cost or valuation	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m
At 30 March 2020	714.1	160.7	874.8
Additions	3.9	15.2	19.1
Disposals	–	(0.2)	(0.2)
Transfer out to asset held for sale	(0.9)	(0.4)	(1.3)
Fully depreciated assets	(7.7)	(19.1)	(26.8)
Revaluation			
– effect of upward movement in property valuation	14.5	–	14.5
– effect of downward movement in property valuation	(6.0)	–	(6.0)
At 29 March 2021	717.9	156.2	874.1
Additions	3.8	9.3	13.1
Disposals[1]	(41.5)	(10.4)	(51.9)
Fully depreciated assets	(0.5)	(8.7)	(9.2)
At 27 September 2021	**679.7**	**146.4**	**826.1**

Depreciation and impairment	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m
At 30 March 2020	32.0	71.7	103.7
Depreciation charge	1.7	24.4	26.1
Disposals	–	(0.2)	(0.2)
Transfer out to asset held for sale	–	(0.1)	(0.1)
Fully depreciated assets	(7.7)	(19.1)	(26.8)
Revaluation			
– effect of downward movement in property valuation	(3.9)	–	(3.9)
– effect of upward movement in property valuation	1.6	–	1.6
At 29 March 2021	23.7	76.7	100.4
Depreciation charge	0.8	11.6	12.4
Disposals[1]	(5.2)	(5.0)	(10.2)
Fully depreciated assets	(0.5)	(8.7)	(9.2)
At 27 September 2021	**18.8**	**74.6**	**93.4**

Net book value	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m
At 30 March 2020	682.1	89.0	771.1
At 29 March 2021	694.2	79.5	773.7
At 27 September 2021	**660.9**	**71.8**	**732.7**

1 During the period, majority of the disposals related to the sale of 56 tenanted pubs (see note 5).

10. Property and equipment continued

Revaluation of property and equipment

The values of the group's freehold land, buildings and fixtures and fittings were reviewed in light of current market factors by management and by Savills, who perform a desktop review based upon information provided by the group, pursuant to the group's accounting policy. The group considers that the valuation reached at 29 March 2021, after the onset of covid-19, still represents the best estimate of the fair value of the estate at 27 September 2021.

Details of the methodology used in determining the group's property values are discussed in the group's audited accounts for the 52 weeks ended 29 March 2021. The key inputs are EBITDA, a multiplier and, in some cases, underlying property values. A sensitivity analysis has been conducted on the property estate to give an indication of the impact of movements in the most sensitive assumption, EBITDA. The analysis considers this single change with the other assumptions unchanged. In practice, changes in one assumption may be accompanied by changes in another. Changes in market values may also occur at the same time as any changes in assumptions. This information should not be taken as a projection of likely future valuation movements. Decreasing or increasing the EBITDA used in the revaluation by 10% would decrease/increase the valuation by £46.2 million.

11. Lease liabilities, right-of-use-assets and goodwill

Set out below are the carrying amounts of the group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets £m	Lease liabilities £m
As at 30 March 2020	**163.4**	**82.3**
Additions	2.2	2.2
Depreciation expense	(7.6)	–
Accretion of interest	–	2.6
Payments	–	(6.9)
As at 29 March 2021	**158.0**	**80.2**
Additions	0.1	0.1
Lease amendments	(5.5)	(3.6)
Depreciation expense	(3.6)	–
Accretion of interest	–	1.3
Payments	–	(3.2)
As at 27 September 2021	**149.0**	**74.8**

Right-of-use assets predominantly relate to leasehold properties, along with motor vehicles and IT equipment.

Lease amendments included the amounts disposed of in relation to the sale of 56 tenanted pubs (see note 5) and lease modifications in respect of changes to lease terms and lease terminations.

Impairment considerations

The group has performed an assessment of whether any indicators of impairment exist. This assessment included a review of internal and external indicators and the group has concluded that no impairment indicators existed at 27 September 2021. Assessments were performed on groups of cash generating units with associated right-of-use assets and/or goodwill.

At 29 March 2021 impairment tests, the inputs to both the impairment models for the right-of-use assets and goodwill are consistent, and are based on individual site 24-month cash flow forecasts initially, followed by 1.4% long-term annual growth in projected future cash flows, with the exception of Smiths of Smithfield Limited where growth rates increase over a five-year period to reflect the anticipated arrival of Crossrail in 2023 and the opening of the Museum of London in 2025 before reverting to a 1.4% long-term growth rate. The pre-tax discount rate applied to all cash flow projections was 8.8%.

The impairment calculation is most sensitive to the pre-tax discount rate and EBITDA assumptions. At 29 March 2021 management performed a sensitivity analysis on the impairment test and considered the impact of an increase in either the pre-tax discount rate to 10.3% or a reduction of EBITDA by 15% and none of the models were sensitive to an impairment with these variables, with the exception of Smiths of Smithfield Limited, on which a small impairment would be recognised with a change in these variables.

12. Retirement benefit schemes

The table below summarises the movement in the retirement benefit schemes' deficit in the period.

	26 weeks to 27 Sep 2021 £m	26 weeks to 28 Sep 2020 £m	*52 weeks to 29 Mar 2021 £m*
Changes in the present value of the retirement benefit schemes are as follows:			
Opening deficit	**(6.1)**	(8.2)	*(8.2)*
Current service cost	**(0.2)**	(0.1)	*(0.2)*
Contributions	**0.8**	0.8	*1.6*
Finance charge for pension obligations	**(0.1)**	(0.1)	*(0.2)*
Remeasurement through other comprehensive income	**1.1**	(9.2)	*0.9*
Closing deficit	**(4.5)**	(16.8)	*(6.1)*

The £1.1 million remeasurement through other comprehensive income is driven by better than expected return on the scheme's assets and experience gains on the scheme's liabilities, offset to some extent by changes in the financial assumptions. These assumptions include RPI inflation which increased to 3.4% (at 29 March 2021: 3.3%) with the discount rate remaining stable at 2.0% (29 March 2021: 2.0%).

13. Share capital

Total share capital comprises the nominal value of the share capital issued and fully paid of £7.3 million (2021: £7.3 million) and the share premium account of £7.7 million (2021: £7.6 million). Share capital issued in the period comprises a nominal value of £nil (2021: £1.2 million) and a share premium of £0.1 million (2021: £0.1 million).

The shares issued in the period related to SAYE scheme.

14. Post balance sheet events

There were no post balance sheet events.

Notes

Senior personnel, committees and advisers

Directors
Stephen Goodyear
Non-executive Chairman

Patrick Dardis
Chief Executive

Mike Owen
Chief Financial Officer

Simon Dodd
Chief Operating Officer

Tracy Dodd
People

Nick Miller
Non-executive Senior Independent

Torquil Sligo-Young
Non-executive

Ian McHoul
Non-executive

Aisling Meany
Non-executive

Company secretary
Christopher Taylor

Audit committee
Ian McHoul (Chairman)
Stephen Goodyear
Nick Miller
Torquil Sligo-Young
Aisling Meany

Remuneration committee
Nick Miller (Chairman)
Torquil Sligo-Young
Ian McHoul
Aisling Meany

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