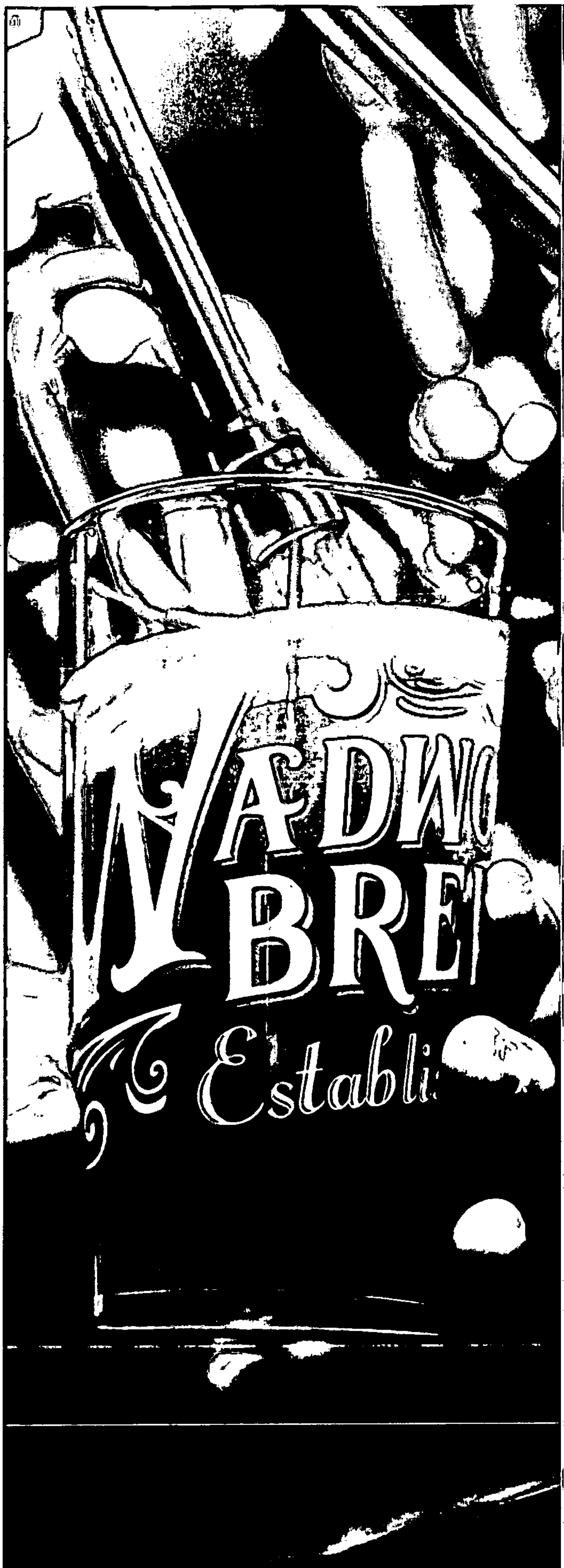

WADWORTH
AND COMPANY LIMITED
SINCE 1875

ANNUAL REPORT & FINANCIAL STATEMENTS 2021

Registered Company Number: 00030177

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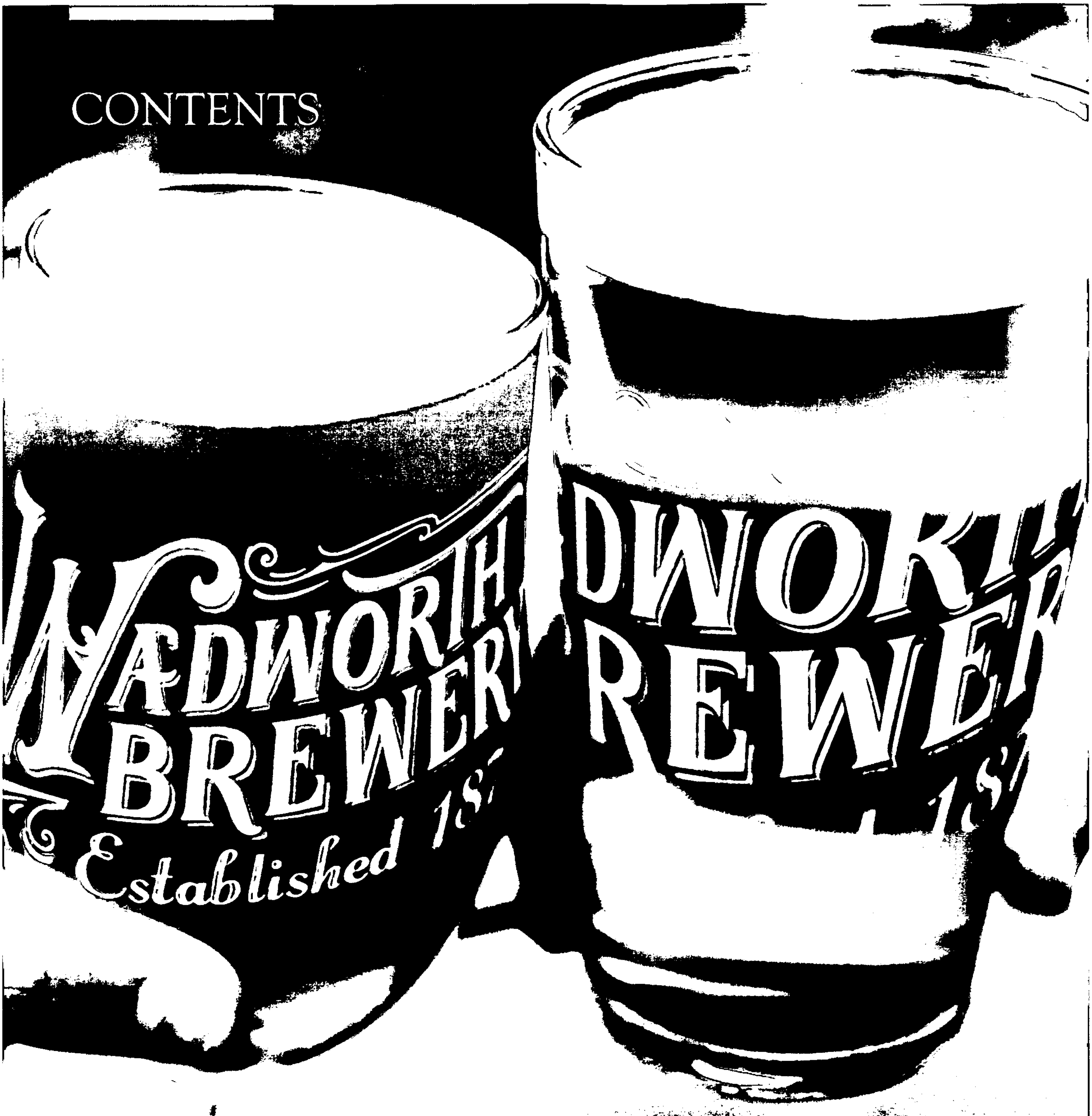


STRATEGIC REPORT

- Operating loss of £12.7m
- Loss before tax of £19.7m
- Bank borrowings reduced to £25m
- Sale of a package of 21 managed pubs
- 14 managed to tenanted transfers

This has been a 15 month accounting period primarily dominated by Covid -19. The pandemic caused the business to close pubs for 4 and half months during lockdown and to trade under strict Covid rules for a further 5 months of the period. From March 2020, the business incurred significant losses on a monthly basis until we reopened in the summer and then from October, the Government's tiered system approach caused us to be significantly loss making through the latter part of the year.

The Board was undertaking a strategic review of the managed house division due to the under performance in the first half of the financial year when the pandemic started. This led to our decision in June to transfer a number of managed houses to tenancies and to start negotiating to sell 21 managed pubs. At this time, to address the financial consequences of the pandemic, we also started redundancy proceedings with managed house personnel, head office staff and some brewery employees.

The impact of the above is reflected in our results with a turnover of £39.2m compared to £66.6m in the previous financial year. Earnings before interest, tax, depreciation and amortisation show a loss of £4m and the overall loss before tax is £19.7m, which includes exceptional items as a result of the review of our operations, debt structure and pub portfolio. The steps we took throughout the year ensured our initial cash burn rate of £1.5m per month at the beginning of the pandemic was reduced to less than £500k per month by December 2020.

July 2020 saw us conclude our redundancy consultation and sadly a significant number of staff, some of whom had been with Wadworth for many years, left the brewery, head office and the pub business. This was an extremely painful time for all those involved and we thank them for their understanding. These challenging decisions have ensured we now have the right size team for the future and to contend with the uncertainty surrounding the pandemic going forward.

In December 2020 we completed on the disposal package of 21 pubs. This has enabled us to pay down debt, to align the business with the outcome of our strategic review, and to have working capital available for the further lockdowns which came imminently after the deal concluded. Having transferred a number of pubs to tenancy, this has left us with a managed house estate of 19 pubs in which we can now focus on providing fantastic experiences to our customers, to deliver increased average sales per pub and higher profit conversion.

With the combined help of government grants and our support through rent relief, our tenants have managed to get through this tough period. They have worked very hard during this time to maintain the properties to ensure they were in the best state to optimise trade when they reopened and we thank them for their loyalty during this very difficult time. As a result of the strategic review and transfer of some managed house pubs to tenancy, we now have 131 pubs in our tenanted estate.

Due to pub closures, sales of our own beer in the on trade were significantly down on the previous year. We saw huge growth in supermarket and online sales, however this produces very small margins for the company. We will concentrate on our core brands of 6X, Horizon, Henry's IPA and Swordfish in 2021 with a limited number of seasonal beers available.

With the impact of Covid we put the search for a new brewery site on hold while we reviewed the requirements going forward and the type of site required. We are now actively looking for a site to move to that will be efficient to operate as well as appropriate for the size of our business going forward.

We are very proud of the number of pubs that provided takeaways and a hub to pick up groceries for their local communities during the pandemic. We also worked with Community First in Wiltshire who organised volunteer drivers to take people to their Covid vaccination appointments, a number of our employees offered up their services to help with this.

Chris Welham left the business as CEO in November 2020 and Toby Bartholomew was appointed to the Board in May 2020 and became Managing Director in November 2020.

STRATEGIC REPORT

Section 172 Companies Act 2006 Statement

Section 172 of the Companies Act 2006 is a new disclosure requirement for this reporting period. It is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company

The following paragraphs summarise how the Wadworth Directors fulfil their duties:

Our People, Community, Suppliers and Environment

The company is committed to being a responsible business and to the following set of values:

We are a Community

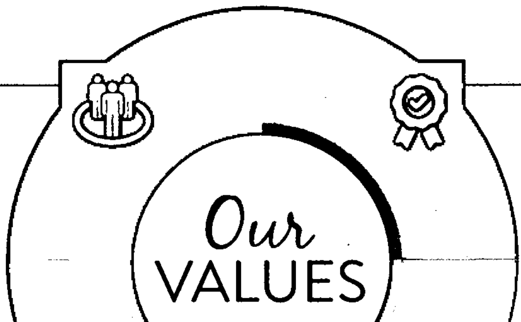
People come first: our teams, our partners, our customers and our local communities:

- We **trust**, **respect** and **support** each other and can reach-out to anybody
- We are **energetic**, **passionate** and **positive**

We deliver Quality

Everyone's role is important and everything we all do has an impact:

- We **never compromise on quality**, we finish what we start and we keep it **uncomplicated**
- We are **honest**, and challenge each other to **exceed expectations**



We are leaving a Legacy

We are **proud of our past** and fired up by **our future**:

- We talk about our **history** and **heritage** with **pride**
- We are building our business for long term; **sustainably** and **profitably**

We drive Performance

We **invest wisely**:

- We will **optimise** our performance through **inspiring**, **recognising** and **developing** our people
- We make every penny count, aim to **waste nothing** and are always **accountable** for our actions

Risk Management

It is key that we clearly identify, manage and mitigate the risks the company faces. The risks and uncertainties facing the company are further laid out on page 8 and 9.

Shareholders

We are committed to an open and effective dialogue with our shareholders. It is important to us that the shareholders clearly understand the strategy and objectives of the company and have the platform to raise any questions or issues that are then addressed. The Board recognises that it is responsible for creating and delivering shareholder value for the long term.

Summary

There is still uncertainty surrounding the pandemic but we now have manageable debt levels, a clear vision of what we want to be and the drive to succeed. 2020 will be remembered for all of the wrong reasons, however we want to ensure that we have learnt from it and have come out stronger so that we can return to profitability, pay dividends, provide great customer service and brew excellent beers. As a result of the losses incurred in 2020, the Company will not be paying a dividend for this financial year.

Finally, we would like to thank the Wadworth team. This has been a year like no other with furlough and lockdowns dominating our language and impacting all of our lives. The professionalism, loyalty and salary sacrifice the staff have shown to Wadworth is quite extraordinary and we are very lucky to have such a fantastic team.

C J E BARTHOLOMEW
Chairman

27 May 2021

DIRECTORS' REPORT

The Directors present their report and accounts for the 15 month period ended 2 January 2021.

Review of Business

The principal activities of the company are the brewing and packaging of beers, the wholesaling and retailing of beers, ciders and wines, spirits and minerals and the ownership and management of licensed properties.

The key financial indicators during the period were as follows:

WADWORTH&Co SINCE 1875	January 2021 £000's	September 2019 £000's
Turnover	**39,190**	**66,591**
EBITDA	(4,147)	9,579
Re-organisation costs	(3,897)	-
Profit on Ordinary Activities Before Taxation	(19,734)	2,209
Dividend on Ordinary Share Paid	759	1,904
Net Asset Value	84,694	110,013

Board of Directors

The Directors who have served during the period from 1st October 2019 to the date of this report are as follows:

CJE Bartholomew	Chairman
C Welham - resigned 5th November 2020	Chief Executive Officer
T Bartholomew - appointed 27th May 2020	Managing Director
AJSkedd	Finance Director and Company Secretary
LJ Stephens	Operations Director
N Young	Operations Director
J Thomas - resigned 20th May 2020	Sales Director
NJB Atkinson	Non-executive Director
ES Harford	Non-executive Director
JE Beard	Non-executive Director
NC Stenhouse	Non-executive Director

Results

The results for the year are set out on page 12.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

Saffery Champness LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Streamlined Energy & Carbon Report Summary

Wadworth's total energy consumption for the 2020 year was 18,222 MWh, resulting in gross carbon emissions of

3,935 tCO2e. These figures correspond to a 12.9% decrease in total energy consumption and a 17.8% decrease in gross emissions when compared to the 2018 calendar year used as a benchmark. Normalised gross emissions from the brewery increased from 0.0173 tCO2e/hl to 0.028 tCO2e/hl of product whilst normalised gross emissions from the managed estates decreased from 0.3330 tCO2e/£k to 0.2323 tCO2e/£k of annual turnover.

Parameter	Units	Current reporting year 01/01/20 - 31/12/20	Comparison calendar year 01/01/18 - 31/12/18
Combustion fuels consumed	kWh	11,904,622	12,922,887
Grid electricity consumed	kWh	5,983,959	7,503,798
Transport fuels consumed	kWh	333,168	505,337
Total energy consumption used to calculate emissions	kWh	18,221,749	20,932,023
Total gross carbon emissions	tCO2e	3,935	4,786
Brewery intensity ratio: Total gross emissions / total production	tCO2e/hL	0.0280	0.0173
Managed estate intensity ratio: Total gross emissions / turnover	tCO2e/£k	0.2323	0.3330

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' report. It has done so in respect of its fair review of the business, its s172 report and its' future developments.

Statement of disclosure to Auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves awareof all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board

AJ Skedd.

A J SKEDD
Director

27 May 2021

Registered Company Name:
Wadworth and Company Limited

Registered Company Number:
00030177

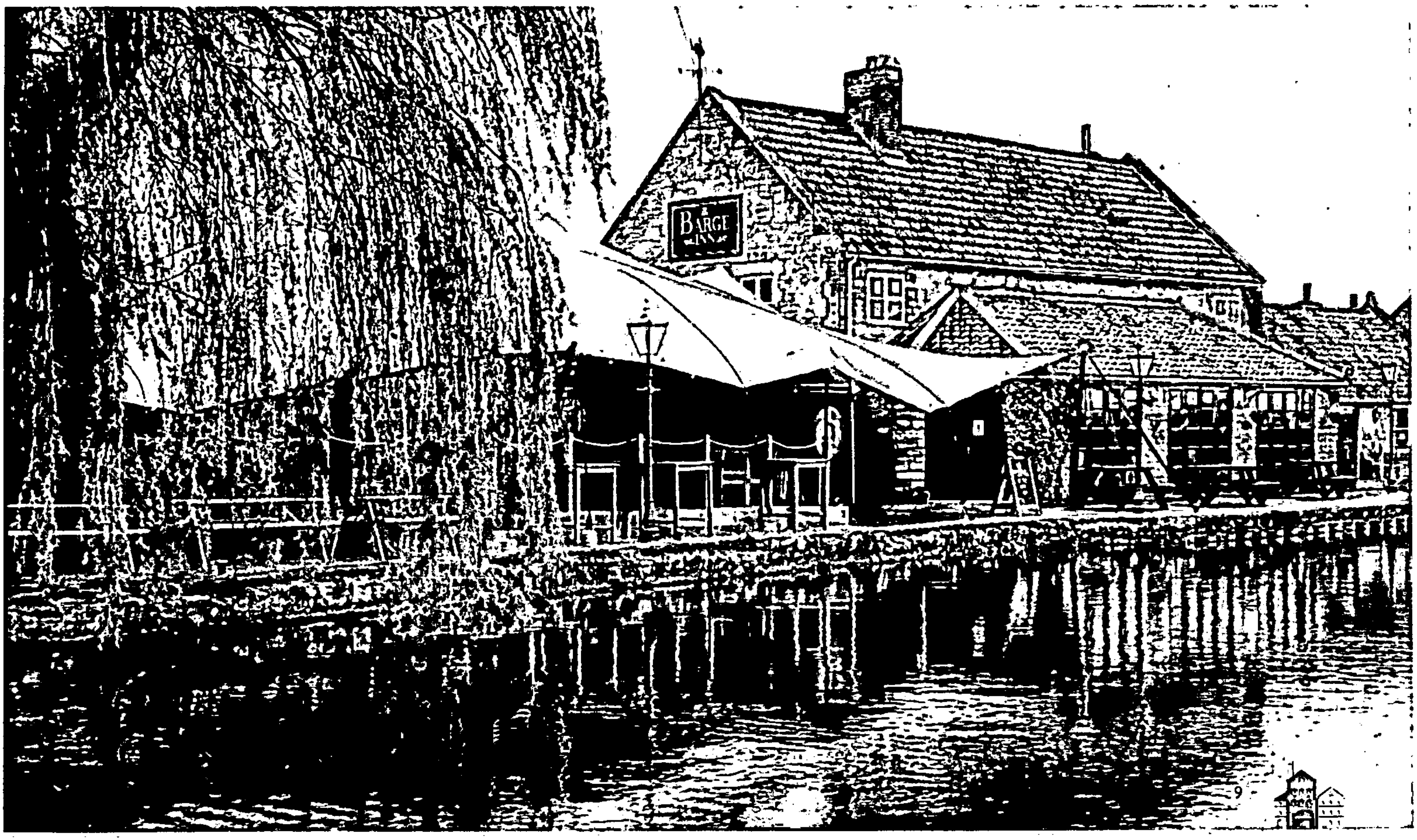
Registered Office:
Northgate Brewery, Devizes SN10 1JW

Risks and Uncertainties

The Board has conducted a full review of current risks and uncertainties that could have an impact on the financial performance and stability of the business. The following points set out the principal risks identified by the Board and the actions taken to monitor and manage the risk.

Risk	Management Actions
Pandemic/Disease – Covid 19	
Government enforced closure of pubs leading to significant reduction in trade. Majority of our trade comes from the pub business both managed and tenanted and also from sales into the on trade.	We have disposed of a number of pubs to ensure we have enough capital to see through further lockdowns and have a reduced overhead to minimise our cash burn going forwards.
Government enforced restrictions on trading operations which in turn significantly impacts turnover and profitability of our pubs.	Our priority is keeping our customers and colleagues safe. Each site has a Covid risk assessment and where we manage the site will adjust our operations to the trade level.
Operational Risks	
Brewery Site: The Northgate Brewery produces all of our beers and a serious accident at the site or a breakdown of major equipment would impact on our production capabilities.	To ensure the continued supply of our beers we have an agreement with a number of other independent brewers who would produce our beers should the Northgate Brewery be closed. We have also taken the decision to build a new brewery in the next 2 to 4 years.
Information Technology: The reliance on information systems to manage our brewery operations and operational management of our pubs would be impacted if a significant failure of these systems took place.	All of our business systems are documented and we have a disaster recovery plan to ensure that the business critical operations could be quickly restored in a controlled manner. All systems are backed up and the Navision system is mirrored to a second server. Out of hours support is available to our Managed Houses should issues arise.
Legislative Risks	
Statutory Legislation/Voluntary Code: The Government has introduced a statutory code for pub companies with over 500 pubs. A voluntary code is in place for companies with less than 500 pubs. The threshold of 500 pubs could be lowered which would result in a free of tie option to be offered in certain circumstances.	Our Tenanted business has fully signed up to the voluntary code and is complying with all elements ensuring a transparent way of working with our Tenants. If the threshold changed, we would review the business model to accommodate the change to our commercial operations.
Health & Safety: The safety of our customers, employees and all stakeholders is a high priority for the directors. The business must comply with all Health & Safety Regulations that apply to our industry.	A new Health and Safety Committee has been formed to oversee all related matters. We are also implementing a new Health and Safety platform to facilitate the management and reporting of risk across the whole business. All relevant staff are trained at the right levels consistent with legislation. Managed house staff have access to all compliance training on our online training portal. In our Tenanted estate we operate the Management Services Agreement which manages the compliance of all certification required.
National Living Wage: A National Living Wage was introduced by the UK Government on 1st April 2016. The control of minimum salaries is now centrally governed and therefore may have an impact on operational costs for our Managed houses.	The current salary structure is in line with the National Living Wage and in some cases above. If the National Living Wage rises disproportionately, we will manage resourcing to balance this against increased costs.
Drink Driving in England & Wales: Scotland has a drink driving limit of 50mg limit (just under 1 pint of beer) versus an 80mg limit in England and Wales. Whilst the UK Government has stated that there is to be no review of drink driving limits in England & Wales, groups continue to lobby for a change.	We continue to monitor this situation and believe that the current drink driving limits which are some of the most rigid in Europe should be maintained. At Christmas time we ensure that designated drivers are provided with free refills of soft drinks.
Pensions: The Company has a defined pension scheme. The scheme is closed to new members and future accrual, but there is a deficit. With such a scheme, a change in market conditions, life expectancy and future assumptions on inflation and yields can have a material effect on the deficit which would impact on the levels of funding.	The Company works closely with the trustees of the pensions scheme to ensure that we comply with the legislation on deficit funding. The current deficit funding stands at £392,000 per annum.

Risk	Management Actions
Economic & Market Conditions	
Consumer Trends: Social and demographic changes are driving the eating out and drinking habits of our customers in both our pubs and retailers.	We have refined the segmentation of our pub estate and conducted a central estates review to ensure we deliver the right offer in the right environment with the right operator. Demographic data and ongoing customer feedback enable us to be responsive to changing trends and customer needs. Our beer portfolio has a core audience and we have invested in consumer insight heavily this year to understand beer consumption trends. This insight has enabled us to develop new beer flavours that meet new customer demands and tastes and include new products that are relevant in our portfolio. This remains under constant review.
Economic Climate: The Wadworth business, as with all other businesses in our sector, is sensitive to economic conditions creating a downturn and subsequent consumer confidence and disposable income.	The Company reviews the conditions and builds the impact into the budget. The Company maintains a high quality estate of public houses and we constantly review the operational costs at our pubs to ensure that a competitive, quality offering is in place.
Financial Risks	
Interest Rate Risks: The Wadworth business is exposed to interest rate changes on its borrowings.	The debt and interest rate levels are continually monitored and a large proportion of the Company borrowings have been fixed.
Internal Financial Controls: A lack of control could result in errors in our financial statements or financial fraud or theft.	Wadworth has developed a far more robust internal control environment this year which has provided the basis of significantly improved rigour. New external auditors provide assurance that our controls are adequate.



INDEPENDENT AUDITOR'S' REPORT

To the members of Wadworth and Company Limited

Opinion

We have audited the financial statements of Wadworth and Company Limited (the 'company') for the period ended 2 January 2021 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant a counting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 January 2021 and of its loss for the period then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concerns

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate;

or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Saffery Champness LLP.

DAVID SEDGWICK
Senior Statutory Auditor

27 May 2021

For and on behalf of
Saffery Champness LLP
Chartered Accountants Statutory Auditors
St Catherine's Court
Berkeley Place
Clifton
Bristol
BS8 1BQ

INCOME STATEMENT

For the period ended 2 January 2021

WADWORTH&Co SINCE 1875	Notes	Period ended 2 January 2021 £'000	Year ended 30 September 2019 £'000
Turnover	3	**39,190**	**66,591**
Cost of sales		(16,526)	(22,368)
Gross profit		**22,664**	**44,223**
Distribution costs		(30,686)	(33,664)
Administrative expenses		(5,640)	(5,386)
Other operating income		4,841	-
Exceptional items	4	(3,897)	-
Operating (loss) / profit	5	**(12,718)**	**5,173**
Other interest payable and similar expenses	9	(3,078)	(2,590)
Other gains and losses	10	(31)	(374)
Revaluation of fixed assets		(3,907)	-
(Loss)/profit before taxation		**(19,734)**	**2,209**
Tax on (loss)/profit	11	2,075	1,496
(Loss)/profit for the financial period		**(17,659)**	**3,705**

The Income Statement has been prepared on the basis that all operations are continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 2 January 2021

WADWORTH&Co SINCE 1875	Period ended 2 January 2021 £'000	Year ended 30 September 2019 £'000
(Loss)/profit for the period	**(17,659)**	**3,705**
Other comprehensive income		
Revaluation of tangible fixed assets	(6,616)	38,431
Actuarial loss on defined benefit pension schemes	(896)	(4,482)
Tax relating to other comprehensive income	611	(3,609)
Other comprehensive (loss)/income for the period	**(6,901)**	**30,340**
Total comprehensive (loss)/income for the period	**(24,560)**	**34,045**

STATEMENT OF FINANICAL POSITION

As at 2 January 2021

WADWORTH&Co SINCE 1875	Notes	2021		2019	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		125,461		169,118
Current assets					
Stocks	15	1,018		1,775	
Debtors	16	6,166		6,323	
Cash at bank and in hand		3,219		706	
		10,403		8,804	
Creditors: amounts falling due within one year	17	(7,918)		(9,986)	
Net current assets/(liabilities)			2,485		(1,182)
Total assets less current liabilities			127,946		167,936
Creditors: amounts falling due after more than one year	18		(30,452)		(45,421)
Provisions for liabilities					
Deferred tax liability	20	(5,036)		(5,300)	
Defined benefit pension liability	21	(7,764)		(7,202)	
			(12,800)		(12,502)
Net assets			**84,694**		**110,013**
Capital and reserves					
Called up share capital	22		7,594		7,594
Revaluation reserve			29,191		34,448
Profit and loss reserves			47,909		67,971
Total equity			**84,694**		**110,013**

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2021 and are

C J E BARTHOLOMEW
Chairman

Registered Company Number:
00030177

STATEMENT OF CHANGES IN EQUITY

For the period ended 2 January 2021

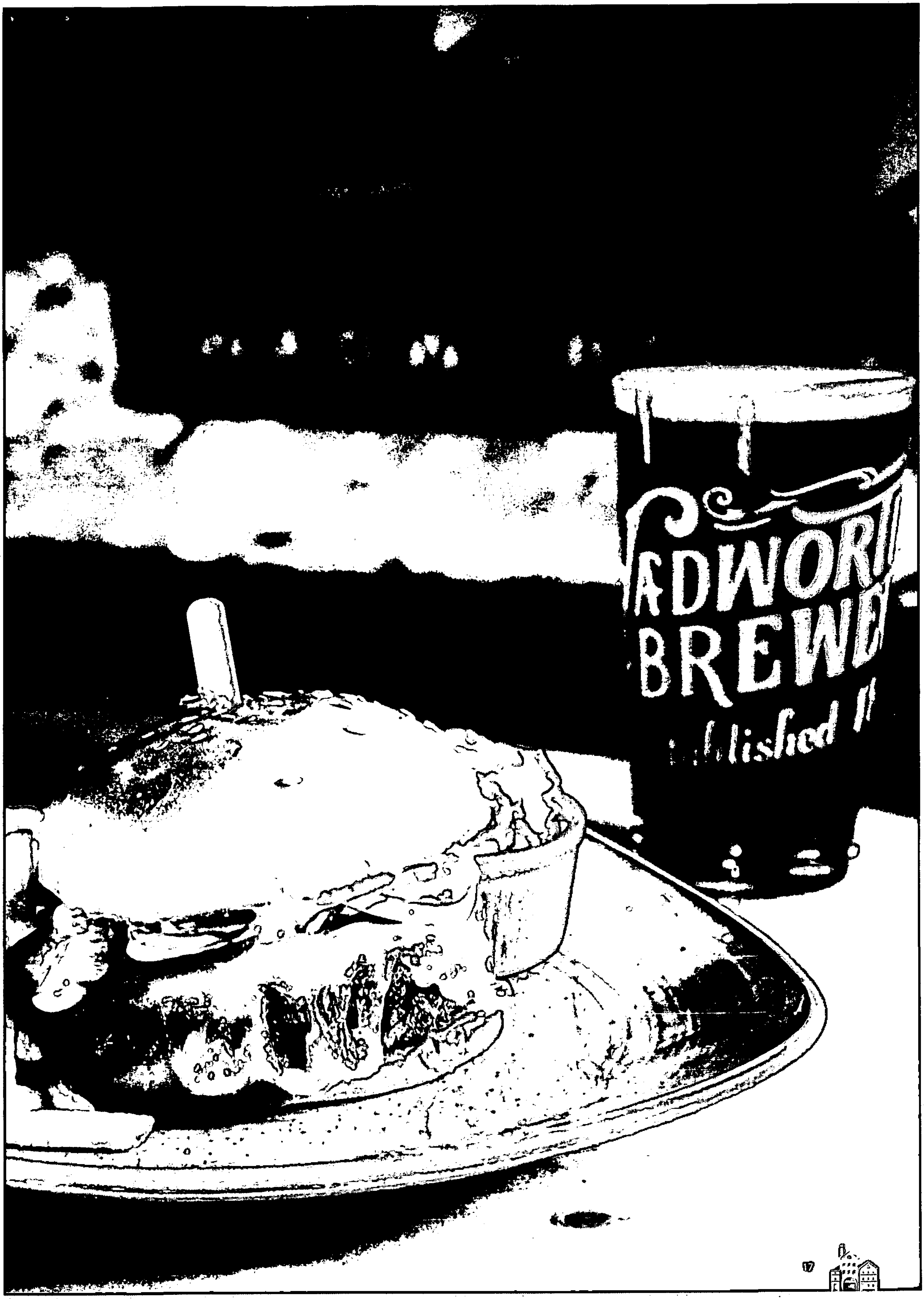
WADWORTH&Co	Notes	Share capital £000	Revaluation reserve £000	Profit & loss reserves £000	Total £000
Balance at 1 October 2018		7,594	-	70,278	77,872
Year ended 30 September 2019:					
Profit for the year		-	-	3,705	3,705
Other comprehensive income:					
Revaluation of tangible fixed assets		-	38,431	-	38,431
Actuarial losses on defined benefit plans		-	-	(4,482)	(4,482)
Tax relating to other comprehensive income		-	(3,609)	-	(3,609)
Total comprehensive income for the year		-	34,822	(777)	34,045
Dividends	12	-	-	(1,904)	(1,904)
Transfers		-	(374)	374	-
Balance at 30 September 2019		**7,594**	**34,448**	**67,971**	**110,013**
Period ended 2 January 2021:					
Loss for the period		-	-	(17,659)	(17,659)
Other comprehensive income:					
Revaluation of tangible fixed assets		-	(6,616)	-	(6,616)
Actuarial losses on defined benefit plans		-	-	(896)	(896)
Tax relating to other comprehensive income		-	611	-	611
Total comprehensive income for the period		-	(6,005)	(18,555)	(24,558)
Dividends	12	-	-	(759)	(759)
Transfers		-	748	(748)	-
Balance at 2 January 2021		**7,594**	**29,191**	**47,909**	**84,694**

[redacted]

STATEMENT OF CASH FLOWS

For the period ended 2 January 2021

WADWORTH&Co	Notes	2021		2019	
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(9,957)		11,193
Interest paid			(2,885)		(2,508)
Income taxes refunded/(paid)			882		(759)
Net cash (outflow)/inflow from operating activities			(11,960)		7,926
Investing activities					
Purchase of tangible fixed assets		(2,643)		(3,467)	
Proceeds on disposal of tangible fixed assets		29,642		7,712	
Net cash generated from investing activities			26,999		4,245
Financing activities					
Repayment of bank loans and overdrafts		(11,767)		(10,375)	
Dividends paid		(759)		(1,904)	
Net cash used in financing activities			(12,526)		(12,279)
Net increase/(decrease) in cash and cash equivalents			2,513		(108)
Cash and cash equivalents at beginning of period			706		814
Cash and cash equivalents at end of period			3,219		706



NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Company information

Wadworth and Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Northgate Brewery, Devizes, SN10 1JW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold and long leasehold properties and to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have prepared robust cash flow forecasts and have considered in detail the impacts of Coronavirus and the easing of restrictions implemented by the government. Due to continued government support and the future outlook of the company, the directors have concluded that it has sufficient resources to continue as a going concern.

1.3 Reporting period

The accounting period was extended in the year due to significant demands on management time due to the Coronavirus pandemic around the original year end date.

1.4 Turnover

Turnover represents the amounts derived from the provision of goods and services during the year, after the deduction of trade discounts and value added tax. Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. The following criteria must also be met before revenue is recognised:

- Sale of goods: revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods or at the point of sale at our retail outlets, and the amount of the revenue can be measured reliably.

- Rendering of services: revenue from the supply of accommodation is recognised at the point services are provided. Rental income is recognised on a straight-line basis over the term. Net takings from machine income are recognised as earned.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property improvements	10% per annum
Leasehold land and buildings	Period of the lease
Plant and equipment	11% to 33% reducing balance
Fixtures and fittings	10% per annum
Motor vehicles	30% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of stocks produced by the Company comprises materials and directly attributable production costs; stocks of bought-in goods are valued at their purchase costs with no further overhead additions.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bankoverdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The Company closed its defined benefit (final salary) pension scheme to new members and future service accrual on 30 November 2006. The assets of the Scheme are held separately from those of the Company and the funds continue to be administered by the Trustees and are independent of the Company's finances. Contributions are paid in accordance with the recommendations of an independent actuary.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The costs are recognised as an expense in measuring profit or loss in the period.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.17 Exceptional items

Material items which fall outside of the ongoing activities of the company are separately disclosed in the statement of comprehensive income where they are relevant to understanding the true and fair view of the financial performance of the company for the period reported.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Fixed assets

Freehold and long leasehold property is held at fair value. This value has been derived from an independent valuation expert and will be reviewed on an annual basis by the Company's directors.

For all other asset classes, regular consideration is given to possible impairment.

Defined benefit pension scheme

This is a closed scheme and the figures stated in the accounts are prepared by the scheme's actuary and set out in note 21.

Fair value of interest rate swap arrangements

The accounts, as prepared under FRS 102, disclose a valuation of the asset or liability. The values are subject to change on a daily basis, which are impacted by political and economic conditions. The valuations have been provided by the Company's bankers and supported by an independent third party.

3. TURNOVER AND OTHER REVENUE	2021 £'000	2019 £'000
Turnover analysed by class of business		
Retail sales	24,949	45,090
Wholesale sales	11,790	16,986
Rental income	2,070	3,857
Other sales include fruit machine income and other income	382	658
	39,190	66,591

Other significant revenue		
Government grants received	4,841	-

4. EXCEPTIONAL ITEMS

	2021 £'000	2019 £'000
Reorganisation costs	3,897	-

During the period, the Company was significantly impacted by the outbreak of Coronavirus, resulting in the closure of its pubs for several months and a corresponding drop in trade. In response to this, the Company reviewed its operations, debt structure and pub portfolio resulting in the costs incurred of £3,897,000.

5. OPERATING (LOSS)/PROFIT

	2021 £'000	2019 £'000
Operating (loss)/profit for the period is stated after charging/(crediting):		
Government grants	(4,841)	-
Depreciation of owned tangible fixed assets	4,673	4,404
(Profit)/loss on disposal of tangible fixed assets	(3)	91
Amortisation of intangible assets	-	2
Operating lease charges	1,217	986

6. AUDITOR'S REMUNERATION

	2021 £'000	2019 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the Company	54	54
For other services		
Taxation compliance services	11	10
All other non-audit services	35	7
	46	17

7. EMPLOYEES

The average monthly number of persons (including directors) employed by the Company during the year was:

	2021 Number	2019 Number
Administrative	105	106
Sales and distribution - Retail premises	681	1,047
	786	1,153

	2021 £'000	2019 £'000
Their aggregate remuneration comprised:		
Wages and salaries	17,690	18,486
Social security costs	1,311	1,438
Pension costs	971	650
	19,972	20,574

The average number of employees was significantly different before and after the restructuring which took place in and around July 2020. The average number of employees from October 2019 to June 2020 was 1,002, whereas the average number of employees from July 2020 to December 2020 was 461.

8. DIRECTORS' REMUNERATION

	2021 £'000	2019 £'000
Remuneration for qualifying services	1,098	1,061
Company pension contributions	43	43

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 2).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2019 - 1).

	2021 £'000	2019 £'000
Remuneration disclosed above include the following amounts paid to the highest *paid director:*		
Remuneration for qualifying services	304	290

9. INTEREST PAYABLE AND SIMILAR EXPENSES	2021 £'000	2019 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,453	2,039
Dividends on redeemable preference shares not classified as equity	469	469
	2,922	2,508
Other finance costs:		
Unwinding of discount on pension obligation	156	82
	3,078	2,590

10. OTHER GAINS AND LOSSES	2021 £'000	2019 £'000
Fair value (losses)/gains on financial instruments		
Changes in the fair value of derivatives	(31)	(374)

11. TAXATION	2021 £'000	2019 £'000
Current tax		
Adjustments in respect of prior periods	(8)	(473)
Deferred tax		
Origination and reversal of timing differences	(2,607)	(1,168)
Changes in tax rates	539	-
Adjustment in respect of prior periods	1	145
Total deferred tax	(2,067)	(1,023)
Total tax (credit)/charge	(2,075)	(1,496)

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £'000	2019 £'000
(Loss)/profit before taxation	(19,734)	2,209
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(3,749)	420
Tax effect of expenses that are not deductible in determining taxable profit	1,284	210
Change in unrecognised deferred tax assets	585	(720)
Adjustments in respect of prior years	(11)	(1,217)
Effect of change in corporation tax rate	539	-
Permanent capital allowances in excess of depreciation	(351)	(1,185)
Movements relating to OCI	611	(2,998)
Chargeable gains	(983)	3,994
Taxation credit for the period	(2,075)	(1,496)

In addition to the amount (credited)/charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:	2021 £'000	2019 £'000
Deferred tax arising on:		
Revaluation of property	(611)	3,609

12. DIVIDENDS

	2021 £'000	2019 £'000
Final paid	759	1,904

13. TANGIBLE FIXED ASSETS	Freehold property improvements £'000	Leasehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 October 2019	146,515	10,046	17,214	18,700	191	192,666
Additions	1,043	-	945	616	39	2,643
Disposals	(26,728)	(1,575)	(3,461)	(8,003)	(131)	(39,898)
Revaluation	(10,522)	-	-	-	-	(10,522)
Transfers	9	(9)	-	-	-	-
At 2 January 2021	110,317	8,462	14,698	11,313	99	144,889
Depreciation and impairment						
At 1 October 2019	332	2,006	12,450	8,600	160	23,548
Depreciation charged in the period	94	343	2,128	2,094	14	4,673
Eliminated in respect of disposals	(182)	(16)	(3,243)	(5,232)	(120)	(8,793)
At 2 January 2021	244	2,333	11,335	5,462	54	19,428
Carrying amount						
At 2 January 2021	110,073	6,129	3,363	5,851	45	125,461
At 30 September 2019	146,183	8,040	4,764	10,100	31	169,118

The carrying value of land and buildings comprises:	2021 £'000	2019 £'000
Freehold	110,073	146,183
Long leasehold	2,608	4,220
Short leasehold	3,521	3,820
	116,202	154,223

Freehold and long leasehold properties were revalued as at September 2019 by Christie & Co, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

During 2020, the directors have considered the market value of the properties as at the period ended 2 January 2021 in light of available market data and have adjusted the value carried forward accordingly.

Freehold and leasehold land and buildings are carried at valuation. If freehold and leasehold land and buildings were measured using the cost model, the carrying amounts would have been approximately £82,317,000 (2019 - £115,421,000), being cost £84,650,000 (2019 - £122,759,000) and depreciation £2,333,000 (2019 - £7,338,000).

14. FINANCIAL INSTRUMENTS

	2021 £'000	2019 £'000
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	586	555

15. STOCKS

	2021 £'000	2019 £'000
Brewing materials, bottled alcohol, minerals and consumables	775	803
Stocks at retail premises	223	945
Horses	20	27
	1,018	1,775

16. DEBTORS

	2021 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	957	2,169
Corporation tax recoverable	-	874
Prepayments and accrued income	2,795	3,280
	3,752	6,323
Amounts falling due after more than one year:		
Deferred tax asset (note 20)	2,414	-
Total debtors	**6,166**	**6,323**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Notes	2021 £'000	2019 £'000
Bank loans and overdrafts	19	3,493	260
Trade creditors		1,393	3,996
Business Partner deposits		928	1,083
Taxation and social security		846	2,472
Other creditors		1,258	2,175
		7,918	9,986

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Notes	2021 £'000	2019 £'000
Bank loans and overdrafts	19	25,000	40,000
Preference shares	19	4,866	4,866
Derivative financial instruments		586	555
		30,452	45,421

The preference share liabilities are made up of £923,000 of 10.25% cumulative £1 preference shares and £3,943,000 of 9.5% cumulative £1 preference shares.

The Company has three swap arrangements, two of which are equal and opposite, thus cancelling each other out. The third swap is for £9,000,000 and fixes the rate to the end of the loan facilities. The fair value of this derivative is £586,000 (2019: £555,000).

19. LOANS AND OVERDRAFTS

	2021 £'000	2019 £'000
Bank loans	28,493	40,260
Preference shares	4,866	4,866
	33,359	45,126
Payable within one year	3,493	260
Payable after one year	29,866	44,866

The long-term loans are secured by floating charges over all property, rights and assets both present and future.

The Company has three secured, interest only loans of between three to ten year terms, two of which carry variable interest rates of 2.0% above LIBOR with the third carrying a fixed interest rate of 5.67%.

There are no loans outstanding which are due in more than five years from the year end date.

20. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised by the company andmovements thereon:

	Liabilities 2021 £'000	Liabilities 2019 £'000	Assets 2021 £'000	Assets 2019 £'000
Balances:				
Accelerated capital allowances	1,144	730	-	-
Tax losses	-	-	2,303	-
Revaluations	2,998	3,609	-	-
Derivatives	-	-	111	-
Rolled over gains	894	961	-	-
	5,036	5,300	2,414	-
Movements in the year:				
Liability at 1 October 2019	5,300			
Credit to profit or loss	(2,606)			
Credit to other comprehensive income	(1,036)			
Effect of change in tax rate - profit or loss	539			
Effect of change in tax rate - other comprehensive income	425			
Liability at 2 January 2021	2,622			

The deferred tax liability set out above in relation to accelerated capital allowances is expected to reverse in stages over the lives of the assets. It cannot be said with any certainty as to what this period will be given any disposal will result in an earlier reversal of the liability.

The deferred tax liability set out above in relation to the revaluation of freehold and long leasehold properties will be reversed on sale or fall in market value of these properties. It therefore cannot be said with any certainty as to when this liability will reverse however it is not expected to be within the next 12 months.

Finance Bill 2020 abolished the decrease of the UK corporation tax rate from 17% and maintained the rate at 19% from 1 April 2020. As this is the substantively enacted rate at the year end, deferred tax has been recorded at 19%.

21. RETIREMENT BENEFIT SCHEMES

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon:

	2021 £'000	2019 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	971	650

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees. The assets of the Scheme are held in a separate trustee administered fund. The Scheme closed to future accrual on 30 November 2006. A schedule of contributions is agreed between the Company and the trustees after each comprehensive actuarial valuation.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out as at 2 January 2021 by XPS Pensions Consulting Limited, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key assumptions	2021 %	2019 %
Discount rate	1.30%	1.80%
Expected rate of increase of pensions in payment	3.10%	3.20%
RPI assumption	3.20%	3.40%
CPI assumption	2.40%	2.40%

Mortality assumptions	2021 Years	2019 Years
Assumed life expectations on retirement at age 65:		
Current pensioners		
- Males	22.0	22.0
- Females	24.2	24.1
Future pensioners (now aged 45)		
- Males	23.7	23.6
- Females	25.6	25.5

	2021 £'000	2019 £'000
Amounts recognised in the income statement		
Net interest on defined benefit liability/(asset)	156	82
Amounts taken to other comprehensive income		
Actual return on scheme assets	(1,078)	(375)
Less: calculated interest element	379	496
Return on scheme assets excluding interest income	(699)	121
Actuarial changes related to obligations	1,595	4,361
Total costs	896	4,482
The amounts included in the statement of financial position arising from the Company's obligations in respect of defined benefit plans are as follows:		
Present value of defined benefit obligations	25,250	24,455
Fair value of plan assets	(17,486)	(17,253)
Deficit in scheme	7,764	7,202
Movements in the present value of defined benefit obligations		
Liabilities at 1 October 2019	24,455	
Benefits paid	(1,335)	
Actuarial gains and losses	1,595	
Interest cost	535	
At 2 January 2021	25,250	
The defined benefit obligations arise from plans funded as follows:		
Wholly unfunded obligations	-	
Wholly or partly funded obligations	25,250	
	25,250	

	2021 £'000	2019 £'000
Movements in the fair value of plan assets		
Fair value of assets at 1 October 2019	17,253	
Interest income	379	
Return on plan assets (excluding amounts included in net interest)	699	
Benefits paid	(1,335)	
Contributions by the employer	490	
At 2 January 2021	17,486	
Fair value of plan assets at the reporting period end		
Equity instruments	13,981	13,740
Debt instruments	2,332	2,272
Property	1,031	1,069
Cash and other	142	172
	17,486	17,253

22. SHARE CAPITAL

	2021 Number	2019 Number	2021 £'000	2019 £'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2,091,852	2,091,852	2,092	2,092
'A' Ordinary shares of £1 each	5,502,034	5,502,034	5,502	5,502
	7,593,886	7,593,886	7,594	7,594

Each Ordinary share has one vote per every £1 of Ordinary share capital.

Each 'A' Ordinary share has one vote per every £4 of 'A' Ordinary share capital.

23. OPERATING LEASE COMMITMENTS

Lessee

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £'000	2019 £'000
Within one year	756	890
Between two and five years	2,662	2,708
In over five years	6,140	5,993
	9,558	9,591

Lessor

The operating leases represent leases of tenanted pubs to third parties. The leases are negotiated over terms of 1 - 10 years and rentals are fixed for the same period. The below sets out the contractual arrangements in place however lease terms are typically renewed after each termination date resulting in the Company having a consistent inflow of rental income in each financial year.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £'000	2019 £'000
Within one year	3,393	3,259
Between two and five years	5,703	3,925
In over five years	737	430
	9,833	7,614

24. RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £'000	2019 £'000
Aggregate compensation	1,237	1,177

Other information

There were no transactions with the Directors during the year other than the payment of their emoluments and incidental purchases of goods from the Company. The Directors receive a modest discount in line with that given to other staff.

The Wadworth and Company Limited Pension Scheme, of which C J E Bartholomew and A J Skedd are Trustees, is a related party to the Company. Contributions to the scheme paid in the year were £490,000 (2019: £328,000). At the year end, the Scheme owed the Company £102,000 (2019: £2,000).

25. ULTIMATE CONTROLLING PARTY

The Company does not have an ultimate controlling party.

26. CASH GENERATED FROM OPERATIONS

	2021 £'000	2019 £'000
(Loss)/profit for the period after tax	(17,659)	3,705
Adjustments for:		
Taxation credited	(2,075)	(1,496)
Finance costs	3,078	2,122
(Gain)/loss on disposal of tangible fixed assets	(3)	91
Amortisation and impairment of intangible assets	-	2
Depreciation and impairment of tangible fixed assets	4,673	4,404
Other gains and losses	3,938	374
(Decrease) in provisions	(156)	-
Movements in working capital:		
Decrease/(increase) in stocks	757	(133)
Decrease in debtors	3,132	2,265
(Decrease) in creditors	(5,642)	(141)
Cash (absorbed by)/generated from operations	(9,957)	11,193

27. ANALYSIS OF CHANGES IN NET DEBT

	1 October 2019 £'000	Cash flows £'000	Market value movements £'000	2 January 2021 £'000
Cash at bank and in hand	706	2,513	-	3,219
Borrowings excluding overdrafts	(45,126)	11,798	(31)	(33,359)
	(44,420)	14,311	(31)	(30,140)