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Fuller Smith & Turner PLC
Annual Report 2015

*My Fuller's...
'Great experience at any time of the day.'*

Nina Dahl
The Blue Boat Fulham Reach

SATURDAY



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25/07/2015
COMPANIES HOUSE
#155

Fuller Smith & Turner

Operating from the historic Griffin Brewery site in Chiswick, Fuller's is an independent family brewer and pub company whose brands include the world-famous ESB and London Pride, the UK's best selling premium cask ale

Fuller's has an estate of 391 pubs and hotels – split between Managed and Tenanted houses – located primarily in London and the South of England.

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Revenue	Adjusted profit ¹	EBITDA
£321.5m +12%	£36.4m +7%	£58.7m +8%

¹ Adjusted profit before tax excluding exceptionals. The Directors believe that this measure provides useful information for shareholders as to the internal measures of the performance of the Group.

Financial Highlights

This year we brewed 215,000 barrels of award-winning ale at the Griffin Brewery, beside the Thames in Chiswick. From here we supply our estate, which comprises 188 Managed Pubs and Hotels and 203 Tenanted Inns, as well as pubs, clubs and supermarkets across the UK and overseas.

Managed Pubs and Hotels like for like sales up 6.3% and profits up 11%.

Tenanted Inns like for like profits up 5% and average EBITDA per pub up 5%.

The Fuller's Beer Company revenue up 6% and total beer and cider volumes up 4%.

Adjusted earnings per share

51.51p +10%

Total dividend per share

16.60p +10%

Pro forma net debt to EBITDA²

2.7 times

² Pro forma net debt to EBITDA is adjusted as appropriate for the pubs acquired or disposed in the period

Chairman's Statement

*My Fuller's...
'Quality in absolutely everything.'*

Michael Turner
Chairman

This year sees the 170th anniversary of the Fuller, Smith & Turner partnership – and I'm delighted to announce that we are celebrating with another set of excellent results and a business that is in great shape to embark on the next chapter in our story. The team has yet again delivered in all areas and I congratulate them all for their dedication, creativity and hard work.

By continuing to focus on our clear vision *to create and operate the most stylish pubs and hotels whilst brewing Britain's most coveted premium brands for discerning customers both at home and abroad* we have seen total revenue increase by 12% to £321.5 million (2014 £288.0 million) and a resulting increase in adjusted profit before tax of 7% to £36.4 million (2014 £34.1 million). One of the key figures for our shareholders is adjusted earnings per share which I am pleased to say has risen by 10% to 51.5p (2014 46.94p).

Once again, we have outperformed the market with our Managed Pubs and Hotels which have seen total sales grow 15%, like for like sales increase by 6.3% and profits¹ rise by 11%. We have invested significantly in our estate and added eight new pubs in a variety of interesting locations including our first airside pub at Heathrow Terminal 2 and two new sites on the River Thames. A new recruitment website has improved the way we attract and hire team members and having invested in our training and development programmes for some years I am delighted to see some high profile internal promotions during the year.

Our Tenanted Inns have been star performers with exceptional results and like for like profits rising by 5%. Total profits have risen by 2% and this has come during a difficult period for the tenanted model. Tenanted Director Mike Clist has played a lead role in representing both Fullers and the wider industry in recent negotiations with Government and I was delighted to see his commitment honoured when he was recognised for his Outstanding Contribution to the Industry at the *Publican Awards*.

Our *Made of London* campaign has helped to drive sales of our flagship brand and we were delighted when it received two awards in the inaugural Beer Marketing Awards this year.

It has also been a good year for the Fullers Beer Company with total beer and cider volumes rising by 4% and profits rising by 2%. The *Made of London* campaign for our flagship ale London Pride has driven sales, we launched a delicious new golden ale, Oliver's Island, grew Frontier Craft Lager sales to make it our second biggest brand in the UK and expanded distribution of the premier American craft beer Sierra Nevada. I would also like to thank The Chancellor for his third consecutive cut in beer duty which has done much to reverse the damage done by the dreaded duty escalator.

Dividend

The Board is pleased to announce a final dividend of 10.20p (2014 9.30p) per 40p A and C ordinary share and 1.02p (2014 0.93p) per 4p B ordinary share. This will be paid on 27 July 2015 to shareholders on the share register as at 26 June 2015. The total dividend per share of 16.60p per 40p A and C ordinary share and 1.66p per 4p ordinary share represents a 10% increase on last year and will be covered more than three times by adjusted earnings per share.



Michael Turner
Chairman

4 June 2015

¹ Operating profit before exceptional items

At a Glance

Managed Pubs and Hotels

Managed Pubs and Hotels are operated by Fullers employees and include 188 pubs and hotels. Our acquisitions are carefully targeted towards prime locations in market towns with our target demographics: high footfall locations in transport hubs and iconic pubs in our home city of London.

Our estate is primarily in the South and South East of the UK and includes 113 pubs within the M25. We focus on freshly prepared seasonal food and an aspirational premium drinks range, delivered with exceptional service and in a stylish and comfortable environment. This year we acquired The Stable, a craft cider and gourmet pizza business, which operates seven sites in the South West of the UK.

188

Managed Pubs and Hotels

Tenanted Inns

The Tenanted Inns division has 203 pubs, where the individual pubs are run by self-employed entrepreneurs, who work in partnership with us, selling our beer and operating under the Fullers brand.

We offer our tenants a high level of support, including a variety of tools and services to help them grow their businesses. This includes a bespoke website, a property compliance package, free WiFi and subsidised training for their staff.

203

Tenanted Inns

The Fuller's Beer Company

As London's longest standing brewer, we continually bring new products to market whilst proudly brewing the UK's No.1 premium ale, London Pride. We proactively develop our portfolio of beers, providing variety and interest for consumers, producing a different seasonal ale every month.

Cornish Orchards produces a range of premium award-winning ciders and a range of distinctive soft drinks.

We directly deliver our own beer and cider, as well as other drinks products to our pubs and our free trade customers in the South East. Our customers value the high quality service we provide.

No.1

Premium ale in the UK

Nikki Cooper Founder, The Stable

Nikki Cooper with husband Richard and brother in law Andy founded The Stable in 2009 when they decided to put to use a dilapidated outbuilding at their Bndport Hotel. Focusing on an extensive range of craft ciders and gourmet pizzas made with local ingredients, the trio had six restaurants in 2014 when Fullers took a 51% stake. This investment will take The Stable to a wider audience with two more restaurants already open and exciting growth plans for the future.

*My Fuller's...
'Helping us realise our
dreams of expansion.'*

Nikki Cooper
Founder The Stable

*My Fuller's...
'An active part of the
local community.'*

Reverend Andrew Downes
Curate St Nicholas Church

Strategy and Progress

Distinctive Pub and Hotel Experience

Investing in

- Our people
- Our retail offer
- Behind the scenes
- Customer experience
- Customer feedback

Progress in FY 2015

- Excellent like for like ("LFL") Managed sales up 6.3% driven by a superior food offering
- Tenanted LFL profits up 5% – best performance in a decade driven by increased investment in repairs
- New recruitment website now live and attracting best in class applicants
- Launched the Chef Scholarship Programme to further distinguish our food offering

Priorities for FY 2016

- Continue to invest through the business cycle helping to drive LFL sales growth and gross margins
- Focus on developing our people to become managers and chefs of the future
- Integrate new sites and support The Stable with systems and evolving its offer

Market influence

Current consumer trends include a focus on the provenance of food authenticity of brands healthier options and good value

Targeted Acquisitions and Developments

Targeted acquisitions and developments in

- High footfall transport hubs
- Iconic London pubs
- Affluent market towns

Progress in FY 2015

- Two new riverside pub developments The Blue Boat Fulham Reach opened March 2015 and One Over the Ait Kew Bridge opened November 2014
- Acquired the iconic pub The Harp Covent Garden and five additional pubs for a total of £21.5 million
- Acquired a majority investment in The Stable to complement our existing offering
- Over £18.0 million invested to sustain the quality of our existing estate

Priorities for FY 2016

- Development of The Sail Loft Greenwich
- Expanding The Stable operations to at least 12 sites in total
- Further refurbishments to sustain quality or reposition properties

Market influence

London and the South East continue to outperform the rest of the UK market

Premium Brand Portfolio

Focusing on

- Well invested equipment and processes
- Skilled brewers
- Constant innovation
- Putting flavour first

Progress in FY 2015

- Successful launch of Oliver's Island a new golden cask ale
- Completed the integration of Sierra Nevada with distribution more than doubled
- Westside Drinks making inroads to new high end markets with Sierra Nevada Frontier and Cornish Orchards
- Secured new listings in on and off trades for Fullers Cornish Orchards and agency brands

Priorities for FY 2016

- Drive sales of Cornish Orchards and Frontier through all channels
- Continue to build on successful London Pride advertising
- Capitalise on the Rugby World Cup

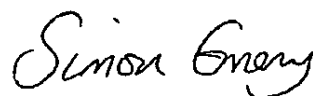
Market influence

Consumers increasingly want more interesting choices and are prepared to pay a premium for authentic quality craft products

Reverend Andrew Downes Curate,
St Nicholas Church

The Reverend Andrew Downes is the curate of St Nicholas church in Chiswick. Its next door to the Griffin Brewery and was built by Henry Smith one of our founding fathers. The church has launched an appeal to raise £11 million for a new organ and stone work renovations and were doing our bit to help. It does help that Father Andrew is such a big fan of London Pride and a great supporter of Fullers.

The Strategic Report encompassing pages 7 to 31 was approved by the Board and signed on its behalf on 4 June 2015



Simon Emeny
Chief Executive



James Douglas
Finance Director

Chief Executive's Review

It has been another year of excellent progress for the Company and I am delighted to be reporting growth in all three areas of the business. Our Managed Pubs and Hotels business continues to outperform the industry, the Fuller's Beer Company has seen growth in all channels and our Tenanted business has had an outstanding year

We have a robust business model that has continuously evolved over time keeping us at the forefront of our industry and providing a base for us to always look for new opportunities to keep the business fresh, relevant and in a strong position to grow for the future. These opportunities have to complement our overall vision to provide a first class experience for discerning customers.

To that end, we have built on our acquisition of Cornish Orchards Cider in 2013 with the acquisition of a 51% stake in The Stable, a craft cider and gourmet pizza business. This unique operation, which comprised six sites when we initially invested, is a perfect fit with our Company. Run by the inspirational founders, Richard and Nikki Cooper, we have already opened more sites and The Stable has an exciting future ahead.

Following our acquisition of the UK distribution rights in 2014, we have more than doubled distribution of Sierra Nevada. Founded by Ken Grossman in Chico, California in 1979, Sierra Nevada is another like-minded family business and is revered by the beer fraternity worldwide. It complements our own and agency ranges offering yet another original and authentic brand for customers both in our own pubs and the wider free trade.

All of this activity is supported by the best people in the industry. This year has seen a big advance in the way we recruit team members for our pubs and we have increased the investment we make in training and developing our people across all parts of the business. This combination of a clear strategy, the flexibility and financial firepower to take advantage of new opportunities and the recruitment, development and retention of excellent people will ensure Fuller's continues to lead the market.

Fuller's Inns

Fuller's Inns has again led the Company's growth with like for like sales in our Managed Pubs and Hotels rising by 6.3% and operating profit* growing by 11% to £25.0 million (2014: £22.5 million). Our Tenanted Inns have also had a fantastic year with like for like profits rising by 5% and average EBITDA per pub rising by 5%. We have long extolled the virtues of having a balanced business and it is very pleasing to see both parts of the retail business performing at a high level. At the year end we had 188 Managed Pubs and Hotels and 203 Tenanted Inns, making a total estate of 391 sites.

During the year we have added eight new sites to our estate. Two of these, The Blue Boat on Fulham Reach and One Over the Ait on Kew Bridge, have fantastic views across the River Thames, while The Windmill in Portsmouth overlooks the Severn Estuary. We also took on The Cromwell Arms in Romsey and The Bull Hotel in Bridport, which added a further 29 bedrooms to our business, and we opened two more sites at transport hubs - The Three Guineas, an acquisition at Reading Station, and London's Pride, a new development at The Queens Terminal (Terminal 2) Heathrow. The eighth site is a true icon - The Harp in Covent Garden, a former CAMRA Pub of the Year where we are committed to maintaining the wide and interesting range of breweries represented on the bar.

In addition, we have invested a record amount in our largest ever number of projects across our existing estate. Over £18 million has been invested in projects in both our managed and tenanted businesses. Of particular note is The Admiralty, the only pub on Trafalgar Square, which we opened on Trafalgar Day in October last year. The pub beautifully evokes the history and heritage of its location and, with its Ale & Pie format, is already proving very popular with Londoners and tourists alike.

Tenanted like for like profits

+5%

Managed like for like sales

+6.3%

* Operating profit before exceptional items

*My Fuller's...
'Leading the best team
in the industry.'*

Simon Ermeny
Chief Executive

*My Fuller's...
'A great career in a flagship pub.'*

Kate Ross
Manager One Over the Ait Kew Bridge

Managed Pubs and Hotels

Our Managed Pubs and Hotels continue to outperform the industry with another year of strong like for like growth of 6.3% generating total revenues of £213.8 million (2014: £186.0 million) – an increase of 15%. Our operating profits increased by 11% to £25.0 million (2014: £22.5 million) reflecting the increased capital investment in our estate and 108 weeks of closure while these redevelopments took place. Next year, we intend to continue this programme with an even greater number of projects scheduled.

Acquisitions and investment in our current pubs have helped to realise our vision of creating and operating stylish pubs with a focus on delicious fresh cooked food and an excellent portfolio of premium drinks. Our sales have increased in all areas of the business – like for like food sales are up by 7.8%, drinks sales are up 5.6% and accommodation has risen by 7.3%.

The performance of our Managed Pubs was recognised by the industry at this year's *Publican Awards* where we took the title of Managed Pub Company of the Year. We also picked up a second award in recognition of the high standard of our food and the way in which we train our chefs and work with our suppliers. In addition, we were recognised for the quality of our capital investment programme at the *Restaurant and Bar Design Awards* where both The Vintry at Cannon Street and the Tap on the Line at Kew Gardens station picked up trophies. Finally London's Pride at Heathrow's Terminal 2 was awarded the title Best Destination Opening at the *CCA Peach Hero & Icon Awards*.

Digital marketing of both food and occasions has increased during the year and we have had a particular focus on responding to online feedback. We offer new customers who sign up to our database a welcome email with a free pint on offer and we are seeing opening rates of 70% way above the norm. Fullers was one of the very early adopters of online table bookings in the pub sector and combined with our dedicated events sales team, our managers have the tools they need to attract diners and functions and the customer has a simple and quick route to finding and booking a suitable venue.

Our food sales continue to be a key driver in our Managed Pubs and Hotels. Over the last four years, we have been improving the way we recruit and train chefs and kitchen teams and this has included the chef scholarship programme which offers three levels aimed at developing the head chefs of the future. The programme has been very well received with 70 team members taking part in at least one level in the last year – bringing the total since the programme started in 2012 to over 200. We are one of the only companies where everyone from the kitchen porter upwards benefits from a training programme and this year two of our head chefs were promoted to management roles as executive chefs.

This investment in training extends right through service – food, cellar and beer quality and even coffee – where The Fields, our one and only coffee shop located in Faling, provides a venue for barista training. We are now selling around 1.2 million cups of hot beverages every year and this has grown by 10% in the last year. Our coffee is also available *Only at Fullers* and the blend was chosen by the coffee masters at Matthew Algie, the gourmet coffee roaster in conjunction with the Fullers brewing manager, Georgina Young.

Working with our suppliers has also enabled us to offer a series of master classes to our chefs on topics from butchery to strawberries. This continued commitment to fresh food, cooked to a high standard of taste and presentation, developing our people through formal training and informal sessions with suppliers, has resulted in higher customer advocacy and sales growth. We have also improved our food marketing with interesting campaigns revolving around seasonal ingredients and flavours.

Finally, we also continued with our *Only at Fullers* range, introducing a delicious Sipsmith's Gin Lemon Cake among other products. Our London Porter Smoked Salmon was available at the Cheltenham Festival and during the year we sold over 70,000 Vintage Ale Sticky Toffee Puddings. We also launched the Fullers Chip Off to find the best chips in our Managed Pubs – The Pilot in Chiswick is the current holder of this title.

Every pint of our Seafarers Ale bought helps raise money for Seafarers UK, a charity vital to supporting the UK's maritime community. Last year's sales raised over £32,000 for the charity.

Kate Ross, Manager, One Over the Ait, Kew Bridge

Kate Ross joined Fullers three years ago as deputy manager at the Turk's Head in Twickenham. After just 18 months, she was appointed to her first management position. Today Kate is the manager at One Over the Ait – a flagship riverside development on Kew Bridge. With two trading floors, plenty of outside seating and a team of 30 to support her, the future has never looked brighter.

Chief Executive's Review continued

The success of our pubs is totally dependent on our people and this year we launched a new recruitment website with full mobile optimisation which we believe is a game changer in the hunt to secure the best talent. The online recruitment process includes a situational judgement test that identifies people with a talent for exceptional customer service. The system ensures that our managers only interview suitable candidates and by hiring better we are already seeing team members staying longer which we believe has been a key driver of the significant increase in our Net Promoter Score. In the first 10 months of the new recruitment website over 17000 completed applications were received and over 1700 candidates were hired.

In line with our growth I am particularly delighted this year to see an increasing number of internal promotions both to general manager within our pubs and also into head office positions. Having the right people in the right places is the key to a successful business. Nowhere is this personified better than in Gerry O'Brien who has been the manager of The Churchill Arms in Kensington for 30 years. We were delighted this year when he was nominated for a Tourism Superstar Award by the *Daily Mirror*.

Our acquisition of a 51% stake in The Stable in June 2014 was a new direction for Fullers although one that had much in common with our vision and ethos. The Stable is a craft cider and gourmet pizza business based in the South West of England. It had at the time of our investment six sites and we opened one more during the year – in Falmouth. In addition we have opened a site in Plymouth right on the Barbican waterfront since the year end.

Exports

Asia Pacific	17.0%
Africa	0.3%
North America	21.9%
South America	7.3%
Europe	50.1%
Middle East	3.4%

While the concept appeals to a younger more female demographic than our traditional estate the commitment to quality fresh ingredients and local produce is synonymous with our existing business. We have already helped to grow this brand by adding depth to the head office support team and using our property expertise to identify new sites. We now have agreed or completed deals on six sites in Winchester Whitechapel Southampton Cardiff Exeter and Cheltenham as well as moving from our existing location to a larger and more prominent site in Bath.

We believe The Stable is a logical step in Fullers evolution following on from our acquisition of Cornish Orchards. The brand broadens our appeal and exposure to growing parts of the market in a way that is totally aligned to our commitment to authenticity and quality. It is also a fitting showcase for the Cornish Orchards brands and for Fullers brands such as Frontier Craft Lager. There has been some considerable up front investment but the potential for The Stable to deliver good returns in the future offers a great opportunity.

Tenanted Inns

It has been a fantastic year for our Tenanted Inns business with like for like profits rising by 5% and total profits rising by 2% to £12.6 million (2014 £12.3 million). Average EBITDA per pub has also risen by 5% with total EBITDA increasing by 2% to £14.2 million (2014 £13.9 million). Three pubs The Duke of York in Tunbridge Wells The Bear & Ragged Staff in Romsey and Grand Central in Brighton have been transferred to the managed estate and two pubs have been sold.

It has been a turbulent time for many tenanted businesses and although we are well below the 500 pub threshold for Market Only Rent to become a reality we will be watching the changes to the market place with interest. In the meantime we continue to focus on building a strong and supportive partnership with our tenants and this is reflected in the fact that almost 90% of our estate is on a substantive agreement and over 80% of tenants are signed up for our service charge package which provides a number of services including health and safety workplace assessments chimney flue maintenance and fire risk assessments.

Cookie, Severn & Wye Smokery

We teamed up with Richard Cook, or Cookie as he's better known, in 2012. He took a range of our beers and decided to see what flavours they could create when smoked with his excellent salmon. Our London Porter came out tops and now London Porter smoked salmon is the best-selling starter in our managed pubs and it's available in Fortnum & Mason too.

*My Fuller's...
'My fish, your beer –
the perfect combination.'*

Cookie
Severn & Wye Smokery

*My Fuller's...
'Bringing the world of wine
to your local pub.'*

Pippa Penny
Wine Development Manager

Fullers Organic Honey Dew – the UK's number one selling Organic Beer – has been given a more modern look, with lighter colours to convey natural ingredients and the golden ale description more visible to appeal to a wider audience.

As with any business, the key to success is attracting and retaining the right tenants. To provide better support to new tenants, we have changed the way we operate so our recruiter also manages the tenant relationship for the first six months to add some continuity to the process. New tenants are given a tenant mentor to help answer any questions and our ever improving extranet provides helpful services such as menu templates and wine list planning. We also offer a free WiFi service to our Tenanted Inns and 92% of our tenants take advantage of this service.

We provide full training and tenants have to undertake a number of courses within the first six months. Two thirds of the cost of this is returned to the tenants, so long as they complete the courses in the suggested timescale. Well trained tenants run more successful businesses, completing a virtuous circle.

Other tenant benefits that have recently been introduced include an improved website service for their own pub websites and, following the duty cuts on alcohol in the last budget, we immediately passed all these duty savings on in full. Our new beers are proving popular with our tenants and provide yet another point of difference for their pubs.

In addition, by investing in our tenanted business through our capital expenditure programme during the recession, our tenants are better placed to build trade in a stronger economy and it is this joint commitment to building successful, sustainable businesses that has resulted in a good financial return for both the Company and the tenant.

The Fuller's Beer Company

The Fuller's Beer Company has also had a good year with total beer and cider volumes up 4% and revenue up by 6% to £122.9 million (2014: £115.8 million). Operating profit grew 2% to £8.7 million (2014: £8.5 million) after increased marketing costs of £0.4 million. Sales are up across all channels and London Pride has seen volume grow by 1% against a cask ale market decline of 4%. We have also won several awards, increased sales across our product range, rebranded two of our popular beers and launched Olivers Island, an exciting new golden ale.

The London Pride *Made of London* advertising campaign entered phase four during the year, which included a very successful media promotion with the *Evening Standard*. The package involved a series of intimate events with celebrities such as Blur bassist Alex James, rugby legend Jason Leonard and DJ Jo Whiley, with tickets available only through the *Evening Standard*. The events were a resounding success and it was supported with a series of features on ordinary Londoners who bring style, interest and dedication to our Capital.

This activity was supported by a poster campaign across London and on tube platforms with iconic photography and social media support such as #DropOffPride and #EmptyPint. The first of these encourages offices and companies to put themselves forward for a delivery of London Pride on the last Friday of every month. Recipients have comprised a variety of businesses including the set of *Downton Abbey*. The #EmptyPint promotion was a short-term Twitter promotion where drinkers who tweeted a photo of their empty pint glass immediately received a code to get a free pint. It was our most successful digital campaign to date and gained over five million impressions and a redemption rate of 54%.

We were delighted when the *Made of London* campaign was recognised at the inaugural Beer Marketing Awards. It picked up the prize for Best Media Campaign – Print as well as the Grand Prix Award for the best overall marketing campaign, garnering high praise from the judges in the process.

Our other beer brands have also fared well. Organic Honey Dew is the number one organic ale in both on and off-trade markets and we have given it a more up-to-date look and livery with new glassware to enhance its organic credentials. Seafarers continues to sell well and over £370,000 was raised during the year for the Seafarers charity through sales of this beer. Frontier also performed well, with sales and distribution increasing and the brand continues to be a firm favourite at numerous food and music events, as well as festivals in general, bringing Fuller's beer to a younger market. Frontier is now our second biggest brand in the UK.

Cornish Orchards has seen cider sales rise during the year with increased distribution through new trading channels in the on and off-trades. The investments we have made in additional capacity are now on stream and our ciders are picking up awards including a gold medal for Cornish Gold at the International Cider Awards.

Pippa Penny, Wine Development Manager

Pippa started at Fullers in 2010 when she joined the team at The Vintry, a pub with an extensive list of 160 wines as deputy manager. She has now progressed her love of grape by taking a head office role, bringing great wines to all our Managed Pubs. One of Pippa's favourites is the Les Cents Verres Grenache Rose – available *Only at Fullers*.

Chief Executive's Review continued

The integration of Sierra Nevada has also proved successful and sales are rising. The creation of Westside Drinks as a stand-alone business supported by Fullers to sell Frontier and our agency brands to a very vibrant end of the market is proving successful and we are looking forward to developing this further. In addition, our wine business has also benefited from the long term trend of better quality food in pubs and our free trade wine sales have grown during the year.

Finally we also launched a new golden ale – Olivers Island. Named after an island in the Thames close to our Chiswick Brewery, Olivers Island has had a very good initial reception and is selling better than our most optimistic forecast. Olivers Island is brewed with golden malt, orange peel and floral and citrus hops and is supported with eye-catching branding and bespoke glassware.

Final Salary Scheme

We closed our final salary pension scheme to new members in August 2005. During the year, the Company concluded a period of consultation with the Trustees and Members of that scheme. As a result, the scheme closed to future accrual with effect from 1 January 2015. The closure resulted in a one-off curtailment gain of £1.2 million in the year, which has been recognised as an exceptional item.

Current Trading and Prospects

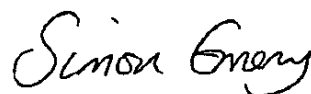
The new financial year has got off to a good start with solid sales for the nine weeks to 30 May 2015. Like for like sales in our Managed Pubs and Hotels have risen by 5.5% and like for like profits in our Tenanted Inns have risen by 2%. Beer and cider volumes have decreased by 2%.

Since the year end, we have purchased The Kings Head in Earl's Court Village and opened a new site for The Stable on the waterfront in Plymouth. We are looking forward to opening another riverside pub, The Sail Loft on Greenwich Reach, later this year and we have plans to open at least another four sites for The Stable.

We have launched phase five of the *Made of London* campaign for London Pride and used our passion for quality and the brewers daily tasting of London Pride at 12 noon to launch #Tweetat12. This latest social media promotion offered our fans a chance to tweet between 12.00 and 12.12 to receive a pint of London Pride with our compliments.

We have taken on new companies, new brands and new ideas over the last two years and while they have all started well, the best is yet to come. We are looking forward to completing the integration of these new businesses and building for our future. We will also continue to invest heavily in our existing pub estate and develop our range of brands.

We have a successful business model, interesting fledgling opportunities, a first class, predominately freehold estate, a team with passion and ability and a very healthy balance sheet. This gives me confidence that we will continue to deliver strong results for our customers, our employees and our shareholders.



Simon Emery
Chief Executive

4 June 2015

Fullers brand new Golden Ale, Olivers Island, is a harmony of citrus, floral hops and golden malt. Drawing inspiration from a local landmark less than three miles from the brewery, it was launched at the opening of the Blue Boar on Fulham Reach in March 2015 and is already proving popular.

Beer Company total beer & cider barrels

348,400 +4%

Capital expenditure

£56.9m +49%

Joe Clarke, The Sun, Richmond

Joe and wife Margy have been the tenants at The Sun for 30 years and over those years the pub has become synonymous with rugby. No trip to Twickenham is complete without a pint or two in The Sun. Jason Leonard even donated his first ever professional pay cheque to adorn the pub's walls. Margy's BBQs, served in the pub's exceptional beer garden, are just as legendary and help satisfy the appetites of the rugby fraternity.

*My Fuller's...
'Beer, BBQs and boisterous rugby boys.'*

Joe Clarke
The Sun Richmond

Financial Review

*My Fuller's...
'Investing for the long term.'*

James Douglas
Finance Director

Our operating profits before exceptional items grew by 6% and EBITDA increased by 8%. Year end net debt was £162.6 million and the pro forma net debt ratio was 2.7 times.

Our Operating Results

We have grown revenue by 12% on the prior year with the majority of the growth driven by strong like for like trading within the Managed and Tenanted estate. Our operating profits before exceptional items grew by 6% to £42.3 million (2014: £39.9 million) with the largest contribution to growth again coming from the Managed Pubs and Hotels division. Total EBITDA increased by 8% to £58.7 million (2014: £54.5 million).

Finance Costs

Despite our net debt level increasing significantly to £162.6 million (2014: £139.8 million) our net finance costs before exceptional items increased only marginally from £5.8 million to £5.9 million. This is a result of the terms of our new bank loan facilities and the impact of continuing historical low interest rates allowing us to achieve low interest rates on our variable rate debt, and includes £0.2 million of arrangement fees on the previous facilities that were written off in the year. Further details of the new arrangements are included below. The net interest expense on our defined benefit pension scheme is shown as an exceptional item as the charge is driven by market conditions and is not associated with our underlying trading. Our blended cost of borrowings has decreased to 2.9% due to low rates on the variable rate portion of our debt. We expect this blended rate of interest to increase marginally in the coming year as interest rates begin to rise and we continue to pay down our cheaper variable rate borrowing.

Exceptional Items

Net exceptional costs before tax of £0.3 million comprised £0.8 million profit on property disposals, £1.2 million relating to the pension fund curtailment gain offset by £1.2 million of acquisition costs, expensed £0.3 million of onerous lease charges and a net interest charge on our pension deficit of £0.8 million. The curtailment gain relates to the January 2015 closure in of the defined benefit pension plan to future accrual. This is a one off reduction in the year end pension deficit. After exceptional items, profit before tax was therefore £36.1 million (2014: £33.5 million).

Tax

A full analysis of the tax charge for the year is set out in note 7 to the financial statements. Tax has been provided for at an effective rate of 21.7% (2014: 23.2%) on adjusted profits. The overall effective tax rate of 21.6% benefits from non-taxable exceptional items. The prior year effective tax rate of 13.1% was impacted by the deferred tax credit of £3.4 million relating to the stepped reduction in the UK corporation tax rate from 23% down to 21% from 1 April 2014 and from 21% to 20% on 1 April 2015.

Pensions

The deficit on the defined benefit pension scheme increased by £7.2 million to £24.4 million (2014: £17.2 million). This was principally driven by the assumed discount rate applied to the long term liability decreasing from 4.45% to 3.25% resulting in an increase in the calculated present value of pension obligations from £110.8 million to £127.9 million. This was partly offset by a greater than expected return on the plans assets resulting in an increase in the fair value from £93.6 million to £103.5 million. Deficit recovery payments of £0.8 million were made during the year.

Shareholders' Return

Adjusted earnings per share was 10% higher than last year at 51.5p (2014: 46.94p). The proposed final dividend of 10.20p per 40p A ordinary share together with the interim dividend of 6.40p per share already paid makes a total of 16.60p and compares with a total dividend of 15.10p last year. The total dividend per share has grown by 10% and will be covered 3.1 times by adjusted earnings per share (2014: 3.1 times). Shareholders' equity at the year end was £284.8 million.

During the period 291,500 A ordinary 40p shares and 3,558,009 B ordinary 4p shares were repurchased into treasury for a total of £6.2 million (2014: 445,819 A ordinary shares for £4.2 million). In addition 72,500 A ordinary 40p shares and 248,089 B ordinary 4p shares were purchased for £0.9 million by or on behalf of the Trustees of the Share Incentive Plan and the LTIP Trustees to cover future issuance (2014: 69,000 A shares 414,854 B shares and 5,000 C shares for £1.1 million). The average price paid was 95.9p per A ordinary 40p share. The middle-market quotation of the Company's ordinary shares at the end of the financial year was 102.0p. The highest price during the year was 103.50p while the lowest was 88.25p. The Company's market capitalisation at 28 March 2015 was £569.4 million (2014: £507.9 million).

The Vintry picked up the *Imbibe 2015 Short Wine List of the Year* award. The list features 30 of the pub's vast range which totals 160 on the full wine list. This commitment to great wines for our managed and tenanted pubs is supported by a specialist in house wine team.

Financial Review continued

Cash Flow

Cash flow	2015 £m	2014 £m
EBITDA	58.7	54.5
Interest	(5.2)	(5.3)
Tax	(8.3)	(8.0)
Working capital and other	2.5	4.9
Cash available for discretionary spend	47.7	46.1
Capital expenditure on estate	(23.0)	(16.4)
Acquisitions*	(27.3)	(17.6)
Pub development	(6.0)	(4.1)
Acquisition costs and other exceptional items paid	(1.7)	(2.1)
Property disposals	3.3	2.6
Dividends and share transactions	(14.9)	(11.8)
Cash flow	(21.9)	(3.3)
Non cash movement	(0.9)	(0.9)
Net debt movement	(22.8)	(4.2)

* Includes acquired debt on acquisition of The Stable and purchase of freeholds. In the prior year this included acquired debt on the acquisition of Cornish Orchards Limited.

Cash available for discretionary spend was £47.7 million (2014: £46.1 million). The increase was largely due to increased EBITDA and positive movements in working capital, mainly due to the timing of payments around the year end. Group net debt increased from £139.8 million at the start of the year to £162.6 million as a result of acquisitions and the continued investment in our existing estate. Our capital spending increased to £56.3 million (2014: £38.1 million). This included the acquisition of The Stable (including £0.6 million of assumed debts) and adding eight new pubs to our estate (exclusive of acquisition fees and stamp duty) – London's Pride at Heathrow Terminal 2, The Blue Boat, Fulham Reach, The Windmill, Portishead, The Harp, Covent Garden, The Cromwell Arms, Romsey, The Three Guineas, Reading, The Bull Hotel.

Bridport and One Over The Ait, Kew Bridge. We have invested significantly in the refurbishment of our existing estate – The George IV, Chiswick, The Duke of York and The Admiralty, Trafalgar Square.

Asset disposals raised a total of £3.3 million and we recorded an exceptional gain on disposal of £0.8 million which was largely attributable to the disposal of a single property. EBITDA increased by 8% to £58.7 million (2014: £54.5 million). The increased capital spend was financed through the incremental EBITDA and drawing on our new bank facilities. This has resulted in the pro forma net debt ratio increasing slightly to 2.7 times (2014: 2.5 times). This level of debt allows us continued flexibility to invest in future opportunities as they arise.

Sources of Finance

Sources of finance	2015 £m	2014 £m
Bank debt	140.0	116.2
Other debt	27.7	27.7
Cash	(5.1)	(4.1)
Total net debt	162.6	139.8
Available committed facilities	59.0	33.5
% total borrowings fixed/hedged	75%	78%
Net debt/EBITDA	2.7x	2.5x

During the year, the Group successfully arranged new £180.0 million bank loan facilities and a further £20.0 million one-year fixed term loan. The new £180.0 million facilities have a five-year term expiring in August 2019, have no amortisation requirements and provide £30.0 million of additional funding over and above the former arrangements which expired in May 2015.

£105.0 million of our borrowings are hedged, of which £65.0 million is swapped at a blended interest rate of 1.8% (excluding bank margin) and £20.0 million is subject to a cap of 4.0%. This cap expires in August 2015. In December 2014, we entered into a further interest rate cap arrangement for £20.0 million at 2.1% from 2015 to 2020. The interest rate swap agreement in place will allow us

to continue to borrow a portion of our bank debt at a fixed interest rate until 2022. The Group's financing is a mix of bank debt, debentures, cumulative preference shares, overdraft, cash and short-term deposits as disclosed in notes 22, 24 and 26. Other financial assets and liabilities such as trade receivables and payables arise through the Group's operating activities. The Group does not trade in financial instruments. The Group is able to operate with negative working capital – trade and other payables were £20.9 million greater than the aggregate of inventories and trade and other receivables at the year end (2014: £17.2 million greater).

Financial Risks and Treasury Policies

The Group Treasury Team consists of the Finance Director and the Group Financial Controller. The objectives of the Treasury team are to manage the Group's financial risk to secure cost-effective funding for the Group's operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities on reported profitability and on the cash flows of the Group. The Group Treasury Team monitors the overall level of financial gearing weekly with our short and medium-term forecasts showing underlying levels of gearing which remain within our targets.

Going Concern Statement

The financial position of the Group, including the various sources of finance available and its cash flows, have been described herein. In addition, note 26 to the financial statements includes detailed disclosure on the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit and liquidity risk.

The Group is vertically integrated, is diversified across a wide range of sales channels and is strongly cash-generative. We have performed well throughout the recent economic cycles. Our financial position is strong as we have always borrowed prudently. We had approximately £59.0 million of undrawn bank facilities in place at the year end, which is considered more than sufficient to meet cash flow requirements over the coming 12 months.

On the basis of current financial projections and having considered the facilities available, the Directors are confident that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors consider that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.



James Douglas
Finance Director

4 June 2015

*My Fuller's...
'Ensuring that every
customer leaves happy.'*

Bernard Kulwazi
The Hereford Arms South Kensington

Principal Risks and Uncertainties

In the course of its normal business the Group continually assesses and takes action to mitigate the various risks encountered that could impact the achievement of its objectives. As detailed in the Corporate Governance Report, there are systems and processes in place to enable the Board to monitor and control the Group's management of risk. The Audit Committee regularly reviews the effectiveness of this process and seeks to ensure that management's response is adapted appropriately to the changing environment.

The following sets out what the Board considers to be the principal risks which affect the Group at present, although it is not intended to be a comprehensive analysis of all the risks that the business may face. In addition, the key financial risks to the Group are detailed in note 26c to the financial statements.

Risk	Mitigation and Monitoring
Regulatory Risks	
Fuller's operates in a highly regulated sector where government legislation controls much of the way we do business and therefore the business model. Any significant changes in policy could lead to a sudden change or the long term decline of the business. The two key areas of consideration are the regulation of the sale of alcohol and the Beer Tie.	<p>We carefully monitor legislative developments and review sales trends and consumer habits to gauge the impact on our business.</p> <p>We participate in industry initiatives aimed at the responsible promotion and retailing of alcohol.</p> <p>We have diversified our offering to include soft drinks, coffee, food and accommodation to reduce our reliance on alcohol based revenue.</p> <p>We continue to monitor ongoing dialogue between the government and industry bodies. Our directors are members of key industry bodies and committees.</p> <p>The industry maintains a voluntary code of practice with tenants which is regularly reviewed and updated in consultation with numerous pub companies and industry groups. Fuller's operates an internal code of practice that is more rigorous than the current industry code to ensure the transparency and openness of our Tied agreements. We also provide marketing training and promotional support to help tenants run profitable and long term businesses.</p> <p>Enforced changes to our tied arrangements by the Government would necessitate changes to our business model, with higher property rents and lower prices for the supply of drinks being charged.</p>
Health and Safety	
The health and safety of the Group's employees and customers is a key concern to us. We are required to comply with health and safety legislation, including fire safety and food hygiene. Operating a large number of houses and sites increases the complexity of ensuring the highest health and safety standards are adhered to at all times.	<p>A Health and Safety Committee oversees the operation of the Group's health and safety policies and procedures, and regularly updates its policies and training programme to ensure all risks are identified and properly assessed and that relevant regulation is adhered to. We report and investigate all accidents and near misses.</p> <p>In our Managed Pubs and Hotels we have automatic fire suppression systems in most of our kitchens to reduce fire risk.</p> <p>All staff receive food hygiene training as standard and regular kitchen audits/checks ensure they comply with the standards expected from them. Quality assurance checks on our core suppliers ensure hygiene standards have been adhered to before produce even reaches our kitchens.</p>
Loss of premium position	
The Group operates in a premium market for both Fuller's Inns and The Fuller's Beer Company. This positioning is key to the success of the business and the achievement of the Group's strategic goals. The loss of the position would have a significant impact on the Group's business model and financial performance.	<p>This strategy has been agreed by the Board and communicated to key senior staff in the Company. In addition, the Executive Committee approves all significant new product development and acquisition decisions and therefore controls key changes to the Group.</p> <p>There is a customer complaints system to track and monitor the perception of our products and houses in the market place to ensure we are meeting our premium position.</p>

Risk	Mitigation and Monitoring
Griffin Brewery Site	
The Group's headquarters and sole brewing facility are based at the Griffin Brewery site in Chiswick. A disaster at this site would seriously disrupt operations which would impact on the profitability of the Company.	<p>We take various measures to mitigate the impact of such an event. We continually monitor fire safety and invest in capital projects to reduce the risk of failure.</p> <p>We store recipes and yeast off-site and have informal arrangements in place to use alternative facilities.</p>
Brands and Reputation	
Fuller's has a wide portfolio of brands and has established an excellent reputation in the market. Principally there is a risk that the Group's beer and food offerings could become contaminated at source or outlet which could damage the reputation of the brand and deter customers.	The Group reduces product contamination risks to an acceptable level by ensuring that the business is operated to the highest standards by maintaining long term relationships with suppliers and by significant investment in security, quality control and cleaning. The Group has in place product recall procedures together with insurance coverage in the event of contamination. In addition, the Group runs an active and continuous training programme covering all aspects of the pub operations and provides its pubs with on-site technical support.
Information Technology	
<p>The Group is increasingly reliant on its information systems to operate on a daily basis and trading would be affected by any significant or prolonged failure of these systems.</p> <p>The data held by the Group is a key business asset and personal data protection is key. Any significant loss of data could lead to a considerable interruption for the business and fines.</p>	<p>To minimise this risk the IT function has a range of facilities and controls in place to ensure that in the event of an issue normal operation would be restored quickly. These include a formal Disaster Recovery Plan, on-line replication of systems and data to a third party recovery facility and external support for hardware and software.</p> <p>The IT systems in place follow appropriate data protection guidelines to ensure the risk of both personal and Company data loss is at an acceptable level.</p>
Loss of Key Management and Staff	
The Group have a number of key staff who are critical to its success and therefore there is a risk that if a number of these individuals were to leave at the same time it may risk the delivery of the Group's strategy.	The Group performs detailed succession planning to ensure that key roles are considered to ensure appropriate cover is available. In addition the remuneration policy is set up to ensure the key members of staff are appropriately remunerated so they are not attracted to other competitor businesses.
Loss of Company Values or a Failure to Adhere to Them	
Fuller's is a company based on a strong set of values which are key to its success and future. Should these be undermined or not adhered to the Company's unique position and long term future would be jeopardised.	<p>The Company has a unique culture due to its share structure and history which ensures business decisions are taken for the long term benefit of the Company.</p> <p>This culture also promotes a long term and collaborative approach that does not lead to excessive risk taking.</p> <p>The share structure of the Company and Family shareholder representation on the Board and involvement in the Company's management ensure the values are maintained and followed. Disruptive and short-term third parties cannot easily gain significant holdings and influence.</p>

Corporate Social Responsibility

*My Fuller's...
'Being inspired by the best.'*

Dave Evans
Trainee Brewer

Doing things the right way is a key value at Fuller's and, to that end, good corporate social responsibility has always been a part of our culture.

We have a strong commitment to our people and we celebrate the individuality of our pubs and the way they involve themselves in their immediate neighbourhoods. We are very aware of the environmental impact of our business and work both internally and with our suppliers to mitigate this where possible. Finally, as a Company with a long history we have a duty to protect the heritage of which we are the custodians.

Community

Pubs are the heart of community fundraising – and Fuller's pubs are no exception. We have two main charities that are beneficiaries of our day to day activities – Seafarers and Shooting Star Chase. The Seafarers charity continues to benefit from sales of Gales Seafarer, a beer we have brewed since our acquisition of Gales in 2005. We donate £5 per barrel to the charity which uses it to benefit all those with a link to the sea and sailing. Last year we raised over £32,000 from sales of this beer and it has just had a makeover with a new look pump clip and glassware, so we hope to see this amount rise further in the coming 12 months.

Our other main charity is Shooting Star Chase. This is a children's hospice charity that cares for over 600 families living in West London, Surrey and West Sussex. For every children's meal we sell in 93 of our managed pubs, we donate 30p to the charity and this year we have donated just under £35,000. In addition we support the charity with events for its fundraisers and with other events during the year.

Some of our pubs got behind activities to raise awareness about ways to help customers with Parkinson's. Everyday activities can become a real trial for people affected by the condition and around 50 staff members across three pubs took part in an awareness session to understand the symptoms and how they could adapt their service to make these guests more comfortable. The session was well received and it is an area we will be looking at further.

It's not just our pubs that are excellent at supporting good causes though. The Brewery continues to support a range of local charities in Chiswick and Hounslow as well as other organisations across a wide range of activities such as medical charities, historic buildings and charities for those affected by alcohol. Fuller's is also continuing its support for the Hammer Cancer Walk – a 10 km walk to raise money for the cancer care unit at Hammersmith Hospital. Long term support is a key element of our community activities – we have supported the Hammer Cancer walk for 19 years, raising over £1 million, and our support for the Surrey Cricket League and the Head of the River IVs rowing event has been continuous in both cases for over two decades.

We also supply hundreds of brewery tour vouchers each year for school fetes and other fundraising events. We have continued to provide a regular donation of free beer to the Hospital of St Cross almshouse, and we provide sponsorship to ensure the continuation of a number of running races, carnivals and local activities. Finally, we reinstated the popular Pride and Passion Open Day in 2014 when we throw open our doors to local residents and visitors. It proved very successful and we will be repeating the event on 5 September 2015.

Frontier has been gaining new fans on the summer festival circuit and is now our second biggest brand in the UK.

Dave Evans, Trainee Brewer

Just over four years ago Dave was in a job with limited opportunities for promotion – and he was a dedicated lager drinker. Luckily he regularly played football with one of the managers at the Griffin Brewery who suggested a job in brewing. Dave's not looked back since. He's now got a whole new career and his taste buds are celebrating too.

Responsible Retailing

Fullers has always believed that a well-run pub is the home of responsible drinking and we are clearly seeing that the purpose of visiting a Fuller's pub is as likely to be for food or a coffee as it is for an alcoholic drink. We are signatories to the Government's *Responsibility Deal* and regularly update on progress to our commitments.

We do take our role as a retailer of alcohol seriously and we are active members of the British Beer and Pub Association and the British Institute of Innkeeping. Fuller's is also a supporter of Drinkaware – the government sponsored trust that aims to promote responsible drinking and help reduce alcohol misuse and alcohol related harm.

Across the Company, we have invested heavily in training – and our bar staff training includes details of initiatives such as the Challenge 21 scheme to prevent underage drinking and of course how to politely refuse those who have had too much to drink. These measures are audited throughout the year via unannounced rest purchases.

This year also saw the arrival of allergen labelling and we have introduced a very thorough set of procedures, processes and training to ensure we are providing the correct information for customers. We have worked with our suppliers and our Star Chef system which includes a menu database to give our chefs a safe and simple way of ensuring that we know the allergens for any new dishes and combinations. We also have an

environmental health consultancy on a retained basis so we can immediately and thoroughly investigate any allegations of food poisoning and take corrective action swiftly if necessary.

People

Being part of the family underpins much of the way we work at Fullers and it is evident throughout the business. Many employees stay with Fullers for much of their working life as demonstrated every year by the numerous recipients of our long service awards.

To meet our strategic aims, we require a highly motivated and talented workforce who are fully engaged and share our passion for quality and customer service. The training and development of our people is paramount. We launched our *Graduate Programmes* in 2011 and these have gone from strength to strength. Increasingly Fuller's is being viewed as a place for talented graduates to develop into the leaders of the future and our 2015 programmes attracted over 1000 applications. We are now reaping the benefits of these programmes. The 2011 and 2012 graduate intakes are now working in their first or second substantive roles within our marketing, sales and operations teams.

Fullers' other development programmes support a career journey from apprenticeship to general management. In September we launch our *Learning to Lead* programme which aims to turn the best team members into supervisors.

Sylvia La Porte, Corporate Relationship Manager Shooting Star Chase

Fullers has been working with Shooting Star Chase for three years, helping to raise money for children with life-limiting conditions. This amazing charity provides bespoke support, free of charge, to families from diagnosis to end of life and throughout bereavement. It is locally based and last year Fullers donated just under £35,000.

*My Fuller's...
'Helping improve the lives of children
with life-limiting conditions.'*

Sylvia La Porte
Corporate Relationship Manager Shooting Star Chase

*My Fuller's...
'The freedom to express
my love of food.'*

Gavin Sinden
The Castle Harrow

Carbon reporting

		52 weeks ended 28 March 2015 CO ₂ tonnes
Fuel type		
Electricity and gas		29,504
Petrol and diesel		1,189
Total		30,693
CO ₂ emissions per £100,000 of turnover		9.6
		52 weeks ended 29 March 2014 CO ₂ tonnes
Fuel type		
Electricity and gas		27,493
Petrol and diesel		1,126
Total		28,619
CO ₂ emissions per £100,000 of turnover		9.9

The greenhouse gas intensity ratio for each year is calculated by dividing our total CO₂ emissions (in metric tonnes) by our annual turnover (in £100,000s). Our total CO₂ emissions are derived from the electricity and gas consumption of both our Managed pub estate and the Griffin Brewery plus emissions from all company vehicles including company cars. Vehicle emissions are calculated from the data gathered by our fuelcard supplier.

Our general manager development programme continues to grow the best assistant managers into new leaders for our pub estate. Around 50% of the general managers in our managed pub estate are now home grown. Our three chef scholarships which will develop talented chefs from commis chef to head chef positions are also going from strength to strength with numbers developed due to double in May 2015. This has also inspired many of those who join as kitchen porters to develop their skills further and we will nurture this desire wherever possible. Our Service Coach network is also building momentum with over 100 Lead Service and Service Coaches working throughout our business championing service at house level.

We are committed to developing our home grown talent and providing structured career paths for our most talented people. The numbers who have completed or are progressing on a development programme is now in the hundreds and we intend to grow this further. Fullers has also raised the training bar with significant investment in a programme for the sales team and a full training calendar now in place for managers throughout the head office and brewery function.

We value loyalty very highly and offer a range of benefits to encourage employees to take a stake in the Company's long-term success such as the *Save As You Earn* scheme and *Share Incentive Plan*. We also endeavour to recognise great efforts with the 100 club – a select group of team members in our pubs and hotels who have exceeded our customer service expectations and through the use of *Caught in the Act* scratch cards to provide an instant award to team members who are exhibiting any one of our *Five Golden Rules* of service.

Environment

A commitment to reducing energy consumption is a key philosophy for Fullers and we continue to explore new and improving technologies to achieve this. Through weekly consumption reports, guidance on energy saving, reward incentives, a competitive element and operational visibility we continue to reduce electricity consumption with usage down by 3% and gas consumption down 6% on average in participating pubs.

We continue to roll-out LED lighting and are seeing significant energy and carbon savings combined with benefits due to managers spending less time changing bulbs.

We have also continued to convert houses to waterless urinals whenever toilet areas are refurbished and food waste recycling has been implemented in every house where there is space for additional bins.

Within the Brewery we have been working on auto-dimming lighting around the site and we are looking at a further effluent reduction project. A recent audit carried out by our trade association the British Beer and Pub Association reported that we were on top of our energy management – but there is still more to be done. We also continue to ensure that the by-products of brewing are reused wherever possible in particular for the production of Marmite or as animal feed.

We are fulfilling our Energy Savings Opportunity Scheme (ESOS) commitment, reporting regularly on our energy consumption across the business. Through working with our ESOS consultants we will continue to identify opportunities to make further energy savings and further reduce our carbon footprint.

Suppliers

It is no longer enough to examine the social impact of our own business – we have to consider that of our suppliers too and we execute our responsibility by ensuring the products we source are sustainable and where possible local.

We look to build long term relationships. It is our belief that this stability allows our suppliers to sensibly invest in and protect their businesses. For example, we have contracts with our hop and barley farmers both to secure our own supply and to give the farmers the confidence to invest in the future. In addition, we consider the human rights, health and safety and other ethical measures of our suppliers when making our buying decisions. All suppliers are required to provide us with a copy of their Corporate and Social Responsibility policy and we look for those with similar values to our own.

Gavin Sinden The Castle Harrow

Gavin's love of cooking is inspired by his nan. After working in two Michelin-starred establishments on the South Coast, Gavin joined Fullers at the Wykeham Arms in Winchester – a pub with a very good food reputation. He's now brought his passion and skill to the London suburbs and has taken up residency at the Castle in Harrow. With this talent it won't be long before the pub is more famous than the school.

Corporate Social Responsibility continued

Wherever possible, our menus will reflect the seasonality of local produce and we try to buy British. All our chips are from British Farmers and our fresh meat is sourced from within the UK through trusted butchers with a fully traceable supply chain. Our eggs meet Lion Quality standards and again all come from British farms. We have also just signed up as member of the Sustainable Seafood Coalition.

We continue to source only Fair Trade coffee and we support UK food initiatives such as the New Forest Marque and Hampshire Fare.

As we become a bigger player on the global stage, we have tried to ensure that we have sensible supplier arrangements in place. To this end, we have a keg arrangement with Sierra Nevada in the US, for which we are the UK importer. This arrangement avoids the transportation of empty kegs by ensuring that we use the same kegs that take Chiswick brewed Fullers beers to the US to bring US-brewed Sierra Nevada back across the Atlantic.

Heritage

As we celebrate our 170th year, our heritage really is top of our minds. We are now the oldest brewer in London and we carry the weight of this history with pride. We continue to invest in the fabric of our historic building and we still support many other organisations that form part of that rich history – for instance Chiswick House, Hogarth's House and St Nicholas Church, which is adjacent to the Brewery and was rebuilt by our founding father Henry Smith in the late 1800s.

Our wisteria – the oldest in the country – still attracts many visitors when it blossoms in April and, although a much more recent addition to the Chiswick landscape, we have been actively involved in supporting a replanting programme on the Hogarth Roundabout in front of the Brewery site.

During the year, we have also been fortunate enough to take on some fantastic heritage pubs including The Harp in Covent Garden and the Admiralty on Trafalgar Square. The latter has been redesigned in tribute to the triumphant Admiral Nelson, under whose shadow the pub sits. We even purchased an original Napoleonic cannon to sit within the pub and it is now a favourite among the Square's visitors. Cannons featured again when we sponsored the restoration of one of the cannons that forms part of the Waterloo Battery at the Tower of London.

The Harp, located just off Trafalgar Square on the edge of Covent Garden, is a former CAMRA Pub of the Year and there was much rumour following Fullers acquisition that the pub would change forever. We have proved the lengths we will go to protect a pub's heritage by carrying out an incredible non-refurbishment. This involved removing all the artefacts (including hundreds of beer mats) from the walls, repainting and repairing the building and paintwork, and then putting everything back just as we had found it.

It's been a great year for our Bottle Conditioned beers – 1845, 2014 Vintage Ale and Bengal Lancer took the Gold Silver & Bronze sweep at the CAMRA London & South East Beer of Britain Awards for bottled conditioned beer.

Dave Hay, Manager The Red Lion Whitehall

When we refurbished the Red Lion in Whitehall, Dave Hay took on a pub that really is at the heart of politics. Local resident George Osborne came and cut the opening ribbon for us and the pub even has its own Division Bell. When the bell rings, the MPs put down their pints and pies and rush back to the House to vote on matters of state. Like all Dave's customers though – they soon come back.

*My Fuller's...
'Controlling unruly MPs.'*

Dave Hay
The Red Lion Whitehall

Board of Directors

- | | |
|------------------|------------------------|
| 1 Alastair Kerr | 7 Ian Bray |
| 2 John Dunsmore | 8 Lynn Fordham |
| 3 Richard Fuller | 9 Jonathon Swaine |
| 4 James Douglas | 10 Sir James Fuller Bt |
| 5 Michael Turner | 11 Severine Garnham |
| 6 Simon Emeny | |

Michael Turner
NON-EXECUTIVE CHAIRMAN
Committees

Chairman of the Nominations Committee

Experience

Aged 63. Joined in 1978. A Chartered Accountant with international experience. Initially ran the Wine Division as Wine Director. Appointed Marketing Director in 1988. Managing Director in 1992. Chief Executive in 2002 and Chairman in 2007. Chairman of the British Beer and Pub Association 2008-2010. Master of the Worshipful Company of Vintners 2011-2012.

Simon Emeny
CHIEF EXECUTIVE
Experience

Aged 49. Joined in 1996 from Bass plc where he held a variety of senior operational and strategic planning roles. Appointed to the Board as Retail Director in May 1998. Managing Director, Fullers Inns in July 2006. Group Managing Director in November 2010 and Chief Executive in July 2013. Non-Executive Director of Dunelm Group plc. An Economics graduate and alumni of Harvard Business School.

James Douglas
FINANCE DIRECTOR
Experience

Aged 49. Appointed in 2007 from LSE listed telecoms operator Fibernet Group plc where he was Finance Director. Spent eight years with Deutsche Bank as an investment banker. Qualified as a prize winning Chartered Accountant with PricewaterhouseCoopers. Holds a first degree in Physics and a Masters degree in Economics.

Richard Fuller
CORPORATE AFFAIRS DIRECTOR
Experience

Aged 55. Joined the Company in 1984. Appointed a Divisional Director in 1992 and to the Board in December 2009 with responsibility initially for Sales then additionally Personnel. Now responsible for Corporate Affairs and Government Relations. A CMA Graduate of Harvard Business School.

Ian Bray
MANAGING DIRECTOR OF THE FULLER'S BEER COMPANY
Experience

Aged 51. Appointed in 2011. Previously European Marketing Director of Bunge SA, a Switzerland-based global foods and agricultural business. Has held FMCG marketing and senior management roles at both international and domestic level working with companies such as Wm. Leitch & Co. and SmithKline Beecham. A Business Studies graduate.

Jonathon Swaine
MANAGING DIRECTOR OF FULLER'S INNS
Experience

Aged 44. Appointed to the Board in 2012. Joined the Company in 2005 and appointed as Operations Director for Fullers Inns in 2007. Has previously held positions at Carlton Communications and Molson Coors. An Arts graduate with a Masters degree in Marketing and alumni of Columbia Business School.

Séverine Garnham
COMPANY SECRETARY
Experience

Aged 45. Appointed in 2014 after nearly ten years as Group Company Secretary of Eurotunnel. Previously worked as a Solicitor in private practice and then as Company Secretary to various UK and international companies.

John Dunsmore
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
Committees

Member of the Remuneration Committee
 Member of the Audit Committee
 Member of the Nominations Committee

Experience

Aged 56. Appointed in 2009. Senior Non-Executive Director. Deputy Chairman of Genius Foods Ltd. Founder and CEO of The Hothouse Investment Club and Non-Executive Chairman of Chapel Down Group plc. Director of The Edinburgh Beer Factory Limited. Former Chief Executive of C&C Group plc and former Chief Executive of Scottish & Newcastle plc prior to its takeover by Heineken and Carlsberg in 2008.

Lynn Fordham
INDEPENDENT NON-EXECUTIVE DIRECTOR
Committees

Chairman of the Audit Committee
 Member of the Remuneration Committee
 Member of the Nominations Committee

Experience

Aged 52. Appointed in 2011. Chief Executive of SVG Capital and Aberdeen SVG Ltd. Previous appointments include CFO SVG Capital. Deputy CFO at BAA plc. Director of Audit and Risk at Boots Group plc and Finance Director of ED & F Man Sugar. In addition, she spent 10 years at Mobil Oil in a number of financial and operational roles predominantly internationally. An accountancy graduate and Chartered Accountant.

Alastair Kerr
INDEPENDENT NON-EXECUTIVE DIRECTOR
Committees

Chairman of the Remuneration Committee
 Member of the Audit Committee

Experience

Aged 65. Appointed in 2011. Non-Executive Director and Chairman of the Remuneration Committee at Havelock Europa PLC. Senior Independent Director and Chairman of the Remuneration Committee at Alliance Trust PLC. Non-Executive Director of Fenwick Ltd and Steamer Trading Ltd and Chairman of private holding company Dilton Ltd. He is also a Public Member of Network Rail. He has previously held senior roles at Mothercare and Kwik-Fit and was Managing Director of Europe, Middle East and Africa for The Body Shop and Managing Director Europe for Virgin. He was previously Chairman of Arran Aromatics Ltd and a Non-Executive Director of White Stuff.

Sir James Fuller Bt
NON-EXECUTIVE DIRECTOR
Experience

Aged 44. Appointed in 2010. Served in The Life Guards 1991-1998. Employed by the Company from 1998-2003 working in the Tied and Managed Pub estate and has since been running his own business.

Directors' Report

The Directors present their report to shareholders together with the audited financial statements for the 52 weeks ended 28 March 2015

Strategic Report

The statements and reviews on pages 8 to 31 comprise the Strategic Report which includes information about the Group's strategy and business model as well as providing an update on the business and financial performance during the year and indications of likely future developments. KPIs, principal risks and uncertainties and the Group's financial management and treasury policies.

Directors

A list of all Directors who served during the financial year together with biographical details is given on pages 32 and 33.

Lynn Fordham and John Dunsmore, whose terms of office expired on 18 January 2015 and 20 January 2015 respectively, were reappointed by the Board of Directors at their meeting on 29 January 2015. In accordance with the Articles of Association, their appointment will be subject to the approval of shareholders at the Annual General Meeting.

Jonathon Swaine and Richard Fuller retire by rotation at the Annual General Meeting and offer themselves for re-election. Both are Executive Directors and have a rolling service contract of 12 months' duration.

Details of all directors' interests as at the end of the financial year are set out in the Directors' Remuneration Report on page 53.

Dividends

The Company paid an interim dividend of 6.40p per A and C ordinary share of 40p each and 0.640 pence per B ordinary share of 4p each on 2 January 2015. The Directors now recommend a final dividend of 10.20p per A and C ordinary share of 40p each and 1.02p per B ordinary share of 4p each. This makes a total dividend for the financial year of 16.60p per A and C ordinary share of 40p each and 1.66p per B ordinary share of 4p each.

The total proposed final dividend on ordinary shares will be £5.6 million which together with the 2015 interim dividend paid of £3.5 million and the £120,000 of cumulative preference dividends paid will make total dividends of £9.2 million.

Auditors and Disclosure of Information to Auditors

The directors who held office as at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information (as defined in Section 418(2) of the Companies Act 2006) of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as director to make themselves aware of any relevant audit information to establish that the Company's auditors are aware of that information.

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

Indemnity Provisions

The Articles of Association provide the Directors with indemnities in relation to their duties as Directors, including qualifying third party indemnity provisions (within the meaning of the Companies Acts). All of the Executive Directors' contracts contain a clause which states "the Executive shall be indemnified out of the assets of the Company against any liability incurred by him as a Director or other officer of the Company in defending any proceedings (whether civil or criminal) in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Companies Acts in which relief from liability is granted to him by the Court from liability for negligence, default, breach of duty or breach of trust he may be guilty of in relation to the affairs of the Company". The Company purchases Directors and Officers liability insurance which gives appropriate cover for any legal action brought against its directors. This insurance also covers the Trustees of the Company's defined benefit pension scheme. James Douglas is a Trustee of the Scheme.

Political Donations

The Group does not make political donations.

Purchase of Own Shares

At the Annual General Meeting held on 24 July 2014, the Company was given authority to purchase up to 4,848,083 A ordinary shares to be held as treasury shares to be used in connection with among other purposes, the Long Term Incentive Plan (LTIP) and/or other share option schemes. This authority will expire at the Annual General Meeting and shareholders will be asked to give a similar authority to purchase shares up to 15% of the A ordinary capital at that date.

The Company's maximum issued ordinary share capital during the year was £22,793,726 comprising 33,518,679 A ordinary shares, 89,052,625 4p B ordinary and 14,560,373 C 40p C ordinary shares.

During the year, the Company purchased a total of 291,500 40p A ordinary shares at a total cost of £2,740,300 (exclusive of stamp duty). These share purchases represented 0.21% of the maximum issued ordinary shares and 0.87% of the Company's issued A ordinary share capital.

110,255 40p A ordinary shares held in treasury with a value of £857,983 were transferred to the Trustee of the Long Term Incentive Plan (LTIP). 188,463 40p A ordinary shares held in treasury were allocated to participants of the Savings Related Share Option Scheme, the Executive Share Option Scheme and the Senior Executive Share Option Scheme on exercise of options generating net cash proceeds of £1,000,330. A total of 1,163,539 40p A ordinary shares at 27 May 2015 are held as treasury shares.

At the Annual General Meeting held on 24 July 2014, the Company was also given authority to purchase 3,558,009 4p B ordinary shares at a total cost of £3,406,793 (exclusive of stamp duty). These are held as treasury shares. They represent 2.59% of the maximum issued ordinary shares and 4% of the Company's issued B ordinary share capital.

The Company employee share ownership trusts purchased a total of 72,500 40p A ordinary shares at a total cost of £688,750 (exclusive of stamp duty) for the Share Incentive Plan (SIP) and 248,089 4p B ordinary shares at a total cost of £251,368 (exclusive of stamp duty) for the LTIP.

Employees

The Group gives a high priority to communication with all its employees and pensioners, thus encouraging a common awareness of the financial and economic factors affecting the Group. Increasingly, the Company's intranet and e-mail systems facilitate this, and we will continue to search for ways to exploit these media to best effect. Twice a year, all Brewery-based employees are invited to a results presentation led by the Chief Executive. Once a year, the Company also runs Connection Week, where one person from each pub is invited to a conference at which a number of messages are communicated. That employee returns to their pub and shares the information with their colleagues. Regular newsletters are also generated for both The Fullers Beer Company and Fullers Inns employees, and ad hoc news is regularly communicated via both traditional notice boards and e-mail distributions. The communications policy, which is in operation throughout the business, is designed to ensure the successful cascading of information. A structure of consultation committees at both Divisional and Corporate level is in place to facilitate a dialogue between the Group and representatives of all employees, including union members. Taken together, these communications have allowed the Group to engage successfully with all our employees wherever they are employed.

The Groups recruitment policy is designed to ensure that all applications for employment including those made by disabled persons are given full and fair consideration in light of the applicants particular aptitudes and abilities. Our online recruitment portal has been tested for the potential for discrimination and passed. The Group also has an equal opportunities policy which is designed to ensure that all employees are treated equally in terms of training, career development and promotion. Where employees develop a disability during their employment by the Group every effort is made to continue their employment and arrange for appropriate training, career development and promotion as far as is reasonably practicable. Development and training of our employees at all levels has always been a priority at Fullers.

The Company continues to offer qualifying staff a Savings Related Share Option Scheme, a SIP and a variety of performance related bonus arrangements which serve to encourage staff interest in the Groups performance. Staff throughout the Group are given an Indulgence card allowing them to benefit from a staff discount scheme in the Groups managed pubs.

Share Capital

Information on the Company's capital structure and related restrictions is given in note 27 to the financial statements. Details of significant shareholdings are given in the tables on this page.

Computershare Trustees Limited holds a total of 408,811 40p A ordinary shares on behalf of employees of the Company who are participants in its SIP. This represents 1.22% of the issued A ordinary share capital. In respect of the shares that have been allocated, Computershare Trustees Limited exercises voting rights in relation to those shares, having consulted with the participants about their voting intentions.

Substantial shareholdings

The Company has been advised under the Disclosure and Transparency Rules that the following held an interest in 3% or more of the voting rights of its listed issued share capital:

% 'A' ordinary shares of 40p each

As at 28 March 2015
and 27 May 2015

BlackRock, Inc	10.43
Aberdeen Asset Management PLC and its subsidiaries	10.19
Ameriprise Financial, Inc	5.78
Kames Capital and associated entities	4.06
Dunarden Limited	3.04

The Company is also aware of the following interests in 3% or more of the voting rights in the two classes of its unlisted share capital:

% 'B' ordinary shares of 4p each

As at 28 March 2015
and 27 May 2015

Sir J H F, Messrs A F and E F Fuller	16.93
J F Russell-Smith Charitable Trust	7.97
Mr A G F Fuller	5.96
A B Earle Charitable Trust	4.82
Dunarden Limited	3.75
Mr R D Inverarity	3.67
Mr G F Inverarity	3.63
Mr M J Turner	3.46
Miss S M Turner	3.45
Mr H D Williams	3.35
Mr R H F Fuller	3.32
Mr T J M Turner	3.12

% 'C' ordinary shares of 40p each

As at 28 March 2015
and 27 May 2015

Sir J H F, Messrs A F and E F Fuller	30.81
Mr T J M Turner	6.16
Mr H D Williams	6.01
Miss S M Turner	5.16
Mrs J Fuller	4.27
Fuller Family Members Trust	3.99
Mrs D M Turner	3.07

Articles of Association

The Articles of Association state that the Board may appoint Directors and that at the subsequent Annual General Meeting, shareholders may elect any such Director. Alternatively, the Company may directly appoint a Director. The Articles also contain the power for the Company to remove any Director by special resolution and appoint someone in his place by ordinary resolution. There are various other circumstances under the Articles which would mean that the office of a Director would be vacated, including if he resigns, becomes of unsound mind or bankrupt.

At every Annual General Meeting, one-third of the Directors who are subject to retirement by rotation or if their number is not three or any multiple of three, then the number nearest to but not exceeding one-third shall retire from office, but, if there is only one Director who is subject to retirement by rotation, he shall retire. In addition, if any Director has at the start of the Annual General Meeting been in office for more than three years since his last appointment or re-appointment, he shall retire at that Annual General Meeting.

The Articles do not contain any specific provisions about amendments to the Articles which are therefore governed by the relevant Companies Act 2006 requirements which state that the Articles may only be amended by Special Resolution.

Subject to the Company's Memorandum and Articles of Association and UK legislation, the business of the Company is managed by the Board which may exercise all the powers of the Company. The Articles of the Company have a section entitled "Powers and Duties of the Board" which sets out powers such as the rights to establish local boards, to appoint agents, to delegate and to appoint persons with the designation "director" without implying that the person is a Director of the Company. There are further sections of the Articles entitled "Allotment of Shares" setting out the Board's power to issue shares and purchase the Company's own shares and entitled "Borrowing Powers" setting out the provisions concerning the Company's power to borrow and give security. The Directors have been authorised to allot and issue ordinary shares. These powers are exercised under authority of resolutions of the Company passed at its Annual General Meeting.

Directors' Report continued

The Group has entered into a number of agreements with the major brewers operating in the UK under which it both buys and sells beers and these agreements may be terminated by the other party should the Group undergo a change of control

In the event of a change of control the Company is obliged to notify its main bank Lenders of such The Lenders shall not be obliged to fund any new borrowing requests and the facilities will lapse after 30 days from the change of control if terms on which they can continue have not been agreed All borrowings including accrued interest will become repayable within ten days of such a lapse

Information required under the Listing Rules

There is no information to disclose in this Annual Report and Accounts pursuant to Listing Rule 9.8.4

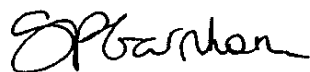
Corporate Governance

The Group's report on Corporate Governance is set out on pages 38 to 42 The Corporate Governance Report forms part of this Directors Report and is incorporated into it by reference

Corporate Social Responsibility

The Group's report on Corporate Social Responsibility is set out on pages 24 to 31 It contains information on greenhouse gas emissions and gender diversity

By order of the Board



Séverine Garnham
Company Secretary

4 June 2015

Fuller, Smith & Turner PLC
Griffin Brewery
Chiswick Lane South
London W4 2QB

Registered in England under number 241882

Directors' Statements

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Annual Report, the Remuneration Report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 IFRSs as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and Company for the financial period. In preparing the Group and Company financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance
- state that the Group and Company have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements, and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Remuneration Report comply with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules (DTR) and in the case of the Group financial statements, with Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

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

Statement as to Preparation of Financial Statements

The Directors confirm to the best of their knowledge:

- that these financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company taken as a whole; and
- that the Annual Report and the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors of Fuller Smith & Turner PLC are listed on pages 32 and 33.

Directors' Statement as to Disclosure of Information to Auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 32 and 33. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



Michael Turner
Chairman

4 June 2015



James Douglas
Finance Director

4 June 2015

Corporate Governance Report

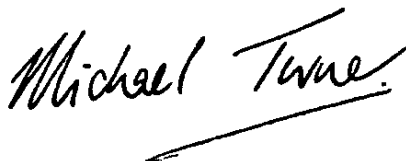
Michael Turner,
Chairman

I am pleased to confirm that I see it as the Chairman's responsibility to lead the Board and make sure it is working effectively. This year we are able to report full compliance with the UK Corporate Governance Code (the 'Code'). There are several key issues that I wanted to comment on. One of these is the issue of succession planning. This is a complex topic for a business that has very low turnover amongst its senior management and is still very much a family controlled concern whilst also being a listed public company. However succession plans continue to be discussed both at Executive Committee and Board level. Throughout the rest of the business, succession plans are in place at departmental level and are reviewed regularly by the relevant Directors in conjunction with their Executive colleagues and their personnel advisors. Furthermore, all department plans are compiled into a Company succession plan which provides effective review of cross-departmental promotion and opportunities.

In terms of Board balance, I chair the Nominations Committee and am personally involved in all Board level recruitment so I am able to ensure that we continue to have a good balance of skills, experience, independence and knowledge on our Board and our Board Committees. I am satisfied that our Board is comprised of the right individuals who have the skills required to run this type of business and to respond to the challenges presented by the continually changing environment in which we operate. The Board recognises the importance of all types of diversity for Board effectiveness. We continue to believe that appointments should be made on the basis of merit against the selection criteria for any particular role.

We believe that you can only have an effective Board when all members understand what is required of them and when they all have time to conduct their duties. All of our Directors have detailed appointment letters or contracts which set out their duties. We confirm that appointment letters for Non Executive Directors set out the expected time commitment required. We also have a policy that the Directors can only take on additional roles with Board approval. In line with the Code, the terms of appointment for all our Non Executives specifically state that the role of the Non Executive Directors is to challenge and help develop strategy.

Finally I would like shareholders to understand that I am in charge of our annual Board evaluation process. I am aware that larger PLCs are required to seek external assistance with this process but do not believe that such a process would be likely to add extra value as long as our own process is robust. I believe that we have that robustness and that the process encourages a healthy debate on things that could be improved.



Michael Turner
Chairman

4 June 2015

Introduction and Compliance

The Board of Directors is committed to the highest standards of corporate governance and believes that such standards are critical to overall business integrity and performance. This report explains how the Company applies the principles of the Code which shareholders can find on the Financial Reporting Council's website at www.frc.org.uk.

The Company has complied with the requirements of the Code as applicable to a smaller quoted company throughout the financial year.

The information that is required by Code provision C1.2 on the business model and the strategy for delivering the Company's objectives can be found in the Strategic Report on pages 7 to 31. The information relating to the share capital of the Company that is required by DTR 7.2.6R can be found within the Directors' Report on page 35.

The Board

The Board's Role

The Board of Directors is collectively responsible to the shareholders for the performance and long-term success of the Group. Its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure, ownership of the corporate values, overseeing the Group's systems of internal controls, governance and risk management and ensuring that the appropriate resources are in place to deliver these and fulfil the Company's obligations to its stakeholders.

How the Board Works

The Board governs through its executive management and formally via its other clearly mandated Committees. Each standing Board Committee has specific written terms of reference which are reviewed by the Board annually and there is a formal list of Matters Reserved for the Board (which is also reviewed annually). This distinguishes between matters reserved for the Board and Executive Committee decisions. The terms of reference of the Audit, Remuneration and Nominations Committees are available on the Company's website. All Committee Chairmen report orally on the proceedings of their Committees at the next meeting of the Board and the minutes of the meetings of all Board Committees (with some exceptions on remuneration matters) are provided to Board members. The Chairman ensures that the Executive Directors provide accurate and timely information for Board meetings which is then open to debate and challenge by all. Meetings enjoy open dialogue and constructive challenge on all issues is encouraged. With a good information flow between and prior to Board meetings, decisions are made in a timely manner after appropriate questions are dealt with. The Board has adopted a procedure in accordance with the Company's Articles to consider and if it sees fit to authorise situations where a Director has an interest that conflicts or may possibly conflict with the interests of the Company.

Board Meetings

The Board meets formally at least six times a year with papers circulated a week in advance and the agenda and papers for these meetings are subject to the scrutiny of the Chairman and the Company Secretary. However the Board regularly considers matters on an ad hoc basis between scheduled meetings. The Executive Committee meets formally at least eleven times a year and also meets informally most weeks. There is thus a regular flow of information at Board and Executive Committee level.

At Board meetings the agendas cover projects analysis of the market in which the Group operates and performance. Each of the Executive Directors and the Company Secretary also update the Board at each meeting on matters for which they are responsible. The Board is responsible for approving the annual budget and the annual and half-year results. The Board also meets away from the Griffin Brewery every year for an in depth review of corporate strategy and other agenda items might include an update on the economy

and a review of the Group's competitors. The Non-Executive Directors from time to time meet with members of the senior management team at the Brewery and also spend days out in the trade with individual members of that team. This helps to keep the Non-Executive Directors up to date with the operations of the Group and also provides the Executive Directors with valuable feedback about the Company's people and its operations.

The Executive Committee is chaired by Simon Emeny and its meetings focus on the detail of the Group's performance. The Finance Director leads a review of the Group's management accounts and presents updates on treasury and credit control. Each Executive Director and the Company Secretary update their colleagues on the key issues facing their part of the business. There is a good level of consultation and debate at these meetings. The list of Matters Reserved for the Board sets out which matters need Board approval and which decisions can be made at Executive Committee level. Most significant business decisions are made by the Board but matters such as health

and safety policy and approving major contracts are taken at Executive Committee level. At the beginning of most Executive Committee meetings a Senior Manager is invited to join the meeting and talk to the Committee about the issues in their department. Three times a year all of the divisional directors and financial controllers join together with the Executive Committee to conduct a detailed review of the half-year and full-year accounts and to construct the annual budget before these are debated at Board level.

As well as the dialogue within the boardroom the Non-Executive Directors meet privately under the leadership of the Senior Independent Director without the Executive Directors present. They also meet with the Chairman and the Chief Executive on a regular basis. These meetings allow for the review of issues faced by the business, the continuation of dialogue on strategic issues, the discussion of Board appointments when appropriate, succession planning and the provision of support to the Chairman and the Chief Executive in their roles.

Attendance 2014/2015	Board	Executive	Audit	Remuneration
Number of formal meetings	6	11	4	4
Director				
Michael Turner	6		*	*
Simon Emeny	6	11	*	*
James Douglas	6	10	*	
Richard Fuller	6	11		
Ian Bray	6	11		
Jonathon Swaine	6	11		
Sir James Fuller	6			
John Dunsmore	6		4	4
Lynn Fordham	6		4	4
Alastair Kerr	6		4	4

* These Directors are not members of the Committees but are invited to be in attendance at meetings

Attendance at Board and Committee Meetings

The table above gives details of attendance at Board and Committee meetings during the year.

The Board believes that all of its members have sufficient time to discharge their duties effectively. All Directors are required to seek permission before accepting any external appointments, therefore Board members are kept fully aware of their colleagues' other commitments.

Composition and Balance of the Board

There were no changes to the composition of the Board in the period. Michael Turner is responsible for leading the Board and ensuring its effectiveness and openness, and that communications with shareholders are valuable. The Chairman does not have any commitments which constrain his ability to fulfil his role. Simon Emeny is responsible for all operational aspects of the Group.

Currently the Company has four Non-Executive Directors, one of whom (Sir James Fuller) is a family member. This representation is very important in a Company with a high proportion of family shareholders. The other three Non-Executive Directors, all of whom are deemed independent under the Code, are experienced business leaders and all of the Non-Executives bring a wide range of skills and experiences to the Board. The Directors consider that the Board is well-balanced as it has the right number of members for the size of the Group and the Directors agree that no one individual dominates discussions and that each makes a full and positive contribution. The Directors' biographies are on pages 32 and 33. John Dunsmore is the Senior Independent Director and an industry expert who brings knowledge, support and advice to the Chairman and all the other Board members; he is in regular dialogue with all Board members outside of Board meetings and co-ordinates the views of the Non-Executive Directors as and when required. All of the Independent Non-Executive Directors are determined by the Board to be independent

in character and judgement and there are no relationships or circumstances which could affect or appear to affect their judgement, all are appointed for specified terms. The details of the Non-Executive Directors' respective arrangements are as set out in the Directors' Remuneration Report on pages 43 to 57 and are available for inspection at the Company's registered office.

Advice for the Board

There is in place a procedure under which Directors can obtain independent professional advice. The Directors also have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are complied with. The Directors are satisfied that any concerns they raise at Board meetings are recorded in the minutes. The Company maintains appropriate insurance cover in respect of legal action against its Directors and Officers.

Professional Development

All Directors attend training courses, industry forums and specialist briefings relevant to their role throughout the year. Occasionally specialists such as the Company's actuary or corporate lawyer join a Board meeting to brief the Board on a particular topic. Both the Board and the Executive Committee visit Group pubs and hotels as part of the Board meeting programme. On these and on other occasions, Board meetings may be held in the Group's pubs, with the aim of keeping the Directors familiar with the Group's estate. Executive Directors are permitted to hold one other paid directorship, with the Board's consent, as the Board believes that experience of how other boards work enhances the Directors' contribution to Fullers. Simon Emery currently holds such a directorship at Dunelm Group plc.

Board Evaluation

The Chairman conducts an annual evaluation of the Board, where all Board members are asked to rate the Board's work across a number of different topics, with constructive criticism encouraged via the medium of a questionnaire. The questionnaire includes questions on the balance of skills, experience, independence and knowledge, diversity (including gender diversity), how the Board works as a unit and other factors relevant to its effectiveness. Where necessary, the Chairman seeks clarification on the responses given; he then consolidates the responses and reports back to the Board, highlighting significant improvements and deteriorations in any particular area by comparing results with previous years' outputs and agreeing actions to tackle any areas requiring improvement. Unattributed comments of significance are shared with all. This year, the results were fractionally higher than last year's scores. The results did provide some insight into areas that could still be improved further and these were debated at a Board meeting and were the Chairman's focus in terms of follow-up. The Audit and Remuneration Committees conduct similar assessments and their work is also commented upon in the evaluation conducted by the Chairman. The Senior Non-Executive Director annually appraises the Chairman's performance, having first consulted with the other Non-Executive Directors and also the Executive team. The appraisal of the other Executive Directors and the Company Secretary is conducted annually by the Chairman or Chief Executive and as part of the appraisal process, individual training and development needs are discussed. The annual appraisal of the Non-Executive Directors is conducted by the Chairman following consultation with the Executive team.

Board Re-election

The Articles of Association of the Company ensure that all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment and to re-election at three yearly intervals.

Board Committees

The Nominations Committee

The Nominations Committee Chairman is Michael Turner and the other members are John Dunsmore and Lynn Fordham. It is responsible for nominating candidates for appointment as Directors, for approval by the Board, although the full Board will also typically informally discuss Board appointments. The Committee did not meet during the year as no appointments were made. The Board has recently reviewed the Company's equal opportunities policy, which requires that all who work for the Company have appropriate regard for diversity in their decision making. The Board also discussed Lord Davies' recommendations, but does not believe that setting percentage targets for the number of women on the Board is appropriate, given the key principle of appointing on merit. As and when board vacancies arise and should the support of an executive search firm be required, the Board and the Nominations Committee will ensure that it only uses firms that have signed up to their industry's Voluntary Code of Conduct (prepared in response to Lord Davies' report). Further information on gender diversity across the business can be found in the Corporate and Social Responsibility Report on page 26.

The Remuneration Committee

Information about the Remuneration Committee and Remuneration Policy is given in the Directors' Remuneration Report.

The Audit Committee

The Audit Committee of the Board, chaired by Lynn Fordham, comprises the three Independent Non-Executive Directors and meets at least four times a year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. In addition, the Chairman, the Chief Executive, the Finance Director and members of the finance team join the meetings on a regular basis, as do the external Audit Partner and Audit Manager.

The Chairman of the Audit Committee encourages comprehensive debate and scrutiny of management's and auditors' reports by the Committee members. She also meets with the manager responsible for internal audits, the external Audit Partner and the Finance Director outside of Audit Committee meetings to give them the opportunity to raise any concerns they may have about their work or their roles and to provide advice and support as required.

The Audit Committee's responsibilities are outlined in the Committee's terms of reference and cover all those matters required by the Code. The Committee has a meeting planner which sets out the key items to be covered at its regular meetings, which include reviewing the financial statements and announcements, monitoring changes in accounting practices and policies and reviewing decisions with a significant element of judgement. In addition, the Audit Committee is responsible for ensuring that the Company's risk monitoring programme, internal audit processes and regulatory compliance are appropriate. At all meetings, an update on risk management is presented. The Chairman of the Committee encourages debate and discussion of topical issues outside of the routine agenda items and ensures that such discussions are held at least twice a year. The Audit Committee has responsibility for the oversight of the external audit function. At the request of the Board, the Audit Committee provides confirmation to the Board as to how it has discharged its responsibilities so that the Board can be satisfied that information presented in the Annual Report is fair, balanced and understandable.

During its review of the Group's financial statements for the year to 28 March 2015, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant Issue	How the issue was addressed
Impairment testing	The Committee considered the proposed impairment of property assets for both the Half Year Report and the Annual Report. The Committee was satisfied with the approach presented by management and the judgements made for those properties at risk of impairment.
Acquisition of a majority interest in The Stable Pizza and Cider Limited	The Committee was satisfied with the proposed accounting treatment and disclosures in the financial statements.
Exceptional items	<p>The Committee considered the nature of items classified as 'Exceptional' in the financial statements. The Committee was satisfied that the items management proposed to show as exceptional are not linked to the underlying trading of the Group.</p> <p>Exceptional items continue to include</p> <ul style="list-style-type: none"> • Profit or loss on property disposals • Business acquisition costs expensed • Changes to onerous leases provisions • Net charge on property impairment • Net interest expense on the Group's defined benefit pension plan <p>It was also decided to show the one off pension curtailment gain recognised in the year as an exceptional item as it is not associated with underlying trading.</p>

The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements.

Other items discussed in the year included the accounting for taxation, discussion of the Company's risk management process, consideration of selected individual risks from the risk register, discussion of the internal audit work completed during the year and progress on actions arising from both risk management and internal audits.

The Audit Committee has a primary responsibility for making recommendations to the Board on the re-appointment and removal of external auditors. The Company's year ended 28 March 2015 is the second of a five-year maximum term that the current Audit Partner has been in the role for the Company.

There is in place a whistle blowing policy which is overseen by the Audit Committee and which allows staff to raise any concerns in confidence directly with the Chairman of the Audit Committee. Posters reminding staff about the existence of the policy and how it may be used are reissued annually in order to maintain a good awareness of the whistle blowing arrangements throughout the Company.

The Committee also reviewed its own effectiveness during the year.

The Directors' statement on the Company's system of internal controls is set out on this page.

Accountability

Auditors

The Committee is happy for the Board to recommend to shareholders the re-election of Grant Thornton UK LLP who were appointed in September 2013 following a formal tender process. Their effectiveness will be formally reviewed by the Committee at the September 2015 meeting, although there are no issues of concern with their performance to date.

The Group's auditors may from time to time provide non-audit services to the Company. The fees paid to Grant Thornton UK LLP for audit services were £100,000 for audit related services were £16,000 and for non-audit related services were £3,600. The Committee imposes an upper limit of £50,000 per annum on the amount that the finance team can spend with the auditors for non-audit items without specific approval from the Committee. It is Group policy to seek quotations from multiple providers for significant non-audit services and only to appoint the provider (which could then be the Auditors) that offers the best combination of price and expertise. The non-audit services were provided in the year by a team independent of those providing audit services.

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and management of risks and reviewing its effectiveness. The system is designed to provide reasonable but not absolute assurance of

- the mitigation of risks which might cause the failure of business objectives
- no material misstatements or losses
- the safeguarding of assets against unauthorised use or disposition
- the maintenance of proper accounting records and the reliability of financial information used within the business or for publication, and
- compliance with applicable laws and regulations

The Company maintains business continuity plans and exercises these plans on an annual basis.

Management within the Finance Department are responsible for the appropriate maintenance of financial records and processes that ensure that all financial information is relevant, reliable in accordance with the applicable laws and regulations and distributed both internally and externally in a timely manner. A review of the financial statements is completed by management to ensure that the financial position and results of the Group are appropriately reflected. All financial information published by the Group is subject to the review of the Audit Committee.

Corporate Governance Report continued

The Board has reviewed the effectiveness of the Groups system of internal control which has also been discussed in detail by the Audit Committee including taking account of material developments since the year end. The review covers all material controls including financial and operational controls compliance and risk management systems. Where weaknesses are identified actions to address them are agreed.

The Board has procedures in place necessary to follow the Turnbull Guidance (Internal Control Guidance for Directors on the Combined Code) for the full financial year. The Group Risk Manager co-ordinates this process by leading regular risk assessment workshops in which new risks are identified and added to the risk register and existing risks re-evaluated by the risk owners. Regular meetings chaired by the Executive Directors are held in addition to the workshops in order to assess the effectiveness of the controls that are in place, identify new risks and review existing risk mitigation plans.

Key elements of the system of internal control designed to address significant risks and uncertainties as documented on pages 22 and 23 include:

- clearly defined levels of responsibility and delegation throughout the Group together with well structured reporting lines up to the Board
- the preparation of comprehensive annual budgets for each division including commentary on key business opportunities and risks approved by the Executive Directors and further reviewed by the Board on a consolidated basis
- an Executive Committee review of actual monthly results against budget, together with commentary on significant variances and updates of both profit and cash flow expectations for the year
- a detailed investment approval process requiring Board authorisation for all major investments
- detailed post implementation appraisals of major capital expenditure projects
- regular reporting of legal and accounting developments to the Board
- regular review of the Groups risk register and discussion of significant risks by the Board and Audit Committee which among other things takes account of the significance of environmental, social and governance matters to the business
- monitoring of accident statistics and the results of health and safety audits and
- maintenance of an ISO 900 certified quality control system

The Group does not have a formal internal audit function and after a review by the Audit Committee and the Board the Board has confirmed that it believes that the existing arrangements for internal audit are appropriate. Management may from time to time augment the internal resource for these audits with specialist external resources. The Group carries out internal audits on financial areas according to a programme agreed between the Audit Committee and the Finance Director and with input from the other Executive Directors and the external auditors as appropriate. The audits are co-ordinated by an experienced senior member of the finance team and are undertaken by other members of the finance team. In each case the person undertaking the audit is independent of the area which is the subject of the audit. The internal audit reports, the management responses and the recommended actions are presented in summary form to the Audit Committee on a regular basis. There are also procedures in place to ensure recommended actions are implemented. During the year audits were performed on the Brewery cash controls, the company car scheme controls and the duty payable controls as well as a number of reviews on other internal processes.

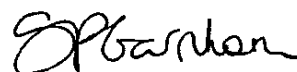
In addition, the Group employs a team of retail business auditors who monitor the controls in place in the Managed Pub estate, in particular those over stock and cash. This team reports directly to the Fuller's Inns Financial Controller but their Manager attends Audit Committee meetings twice a year to discuss the progress his team is making and the issues they are dealing with.

Relations with Shareholders

The Company has an ongoing programme of individual meetings with institutional shareholders allowing the Company to update shareholders on the performance of the business and the strategy for the future and to give shareholders an opportunity to discuss corporate governance matters. The Company's brokers contact key shareholders to establish if they would like to see the Chief Executive and Finance Director in the days following their presentation to the City on the preliminary and half year results. The Chairman, Richard Fuller and Sir James Fuller are the key contacts with the Company's family shareholders and Sir James Fuller has a specific role to keep in touch with those shareholders. The Senior Independent Director and the other Non Executive Directors are all willing to attend meetings with shareholders or to be contacted by shareholders should they have any concerns which have not been resolved through the usual channels. The Non-Executive Directors have had no such requests during the last financial year. All Board members receive copies of feedback reports from the City presentations and meetings with shareholders, thus keeping them in touch with shareholder opinion.

The Board supports the use of the Annual General Meeting to communicate, in particular with private investors, and the Chairman and Chief Executive make a detailed presentation to shareholders updating them on the Company's performance and progress. The Public Relations team also attends the Annual General Meeting and provides further information to shareholders about the Company through photo boards featuring pub and product information. The Board is also keen to encourage institutional investors to attend the meeting. In line with the duties set out in the Stewardship Code for institutional shareholders published in July 2010, should they have concerns over any issues being voted upon at the Annual General Meeting, they can then meet all the Directors and discuss them in person, particularly if they have declined an invitation for an individual meeting. The Chairman arranges for the Chairman of each of the Company's Board Committees to answer relevant questions at the meeting and encourages all Directors to be present.

By order of the Board



Séverine Garnham
Company Secretary

4 June 2015

Griffin Brewery
Chiswick Lane South
Chiswick London W4 2QB

Directors' Remuneration Report

Report on Directors' Remuneration Policy

This policy approved by shareholders at the Annual General Meeting held on 24 July 2014 was prepared in compliance with Part 4 of Schedule 8 to the Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Company intends to make all future payments to its Directors consistent with this policy for the three years following the date of approval of the policy unless amended by the shareholders at an intervening general meeting.

The Remuneration Policy is designed to support the Company's business strategy of creating shareholder value and increasing earnings per share (EPS) in the longer term for its shareholders. In order to do so it must attract, retain and motivate high-calibre Executive Directors. The policy is therefore to provide competitive packages for the Executives through reflecting the Group's performance against financial objectives and rewarding above average performance. Accordingly the key elements are:

- a significant proportion of performance related pay that rewards Executives in line with Company performance and strongly aligns their interests with those of shareholders
- personal bonus targets for operational Directors that focus on delivery of the strategic drivers for growth in the Company's business strategy
- base pay that rewards above average performance and remains competitive
- a competitive range of benefits and
- participation in a range of share schemes including a long-term incentive plan

When setting the Remuneration Policy the Committee considered the Group's performance on environmental, social and governance matters. The Committee does not believe that the existing incentive structure raises any environmental, governance or social risks by inadvertently motivating irresponsible behaviour.

The Committee believes that the Remuneration Policy is consistent with its risk management policy in that existing remuneration structures do not encourage management to take inappropriate risks to achieve targets. It is felt that there is a very low risk of short term decisions driving annual bonus pay outs and the focus is very much based on a long term remuneration model delivering value through the Company's various share plans.

Here are the various elements of the Directors' remuneration and the different performance conditions that apply to them:

Alastair Kerr

Chairman of the Remuneration Committee

Statement of the Remuneration Committee Chairman

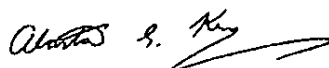
Dear Shareholder

On behalf of the Board, I am pleased to present the Remuneration Report for the 52 weeks ended 28 March 2015.

The report follows last year's presentation in two separate sections. The first covers the Company's Remuneration Policy for all of its Main Board Directors (set out on pages 32 and 33) as approved by shareholders at last year's Annual General Meeting for a period of three years. It is designed to explain to shareholders how that policy supports the Company's strategy. There are no changes being proposed to the policy and there have been no payments made outside of the approved policy in the reporting period.

The second part of the report shows you the detail of how the policy was applied in the last financial year. That part of the report will be subject to your approval in the same way as it was last year.

Whilst there has not been any change to remuneration during the financial year and therefore we have not engaged with shareholders, I would be happy to receive any comments you may have on this report. I hope that you find the report clear and comprehensive and that it helps demonstrate how the remuneration of your Directors is very much linked to the performance of your Company and that you are able to support the resolutions on remuneration being presented to you at this year's Annual General Meeting.



Alastair Kerr

Chairman of the Remuneration Committee

4 June 2015

Directors' Remuneration Report continued

Executive Directors ("Executives")

Element	Purpose – how the element supports the short and long-term strategic objectives of the Company	Operation
Base Salary	To recruit, retain and reward high calibre Executives to deliver the Company's strategy. The salary will reflect each role, the importance of that role to the business and the experience the individual brings to it	The Committee sets the base salary and this is reviewed taking into account inflation, individual and corporate performance. From time to time, advisors are commissioned to obtain benchmarking data for companies in the sector and/or of a similar size, to check market positioning
Benefits	To recruit and retain Executives by providing competitive benefits which also protect Executives and provide preventative care for them	The Company offers Executives a range of benefits which include <ul style="list-style-type: none"> • Car allowance • Paid holidays • Life assurance • Private medical insurance • Product allowance • A private account which allows the purchase of goods at cost price plus VAT • Subscriptions to professional bodies or other relevant organisations • Regular medical check ups • Permanent health insurance
Annual Bonus	To incentivise Executives to deliver performance in line with the Group strategy and to align their interests with those of shareholders	Bonus targets are set annually in relation to the profit achieved by The Fuller's Beer Company, Fuller's Inns and the Group. The performance measures are weighted dependent on the responsibilities of each Executive and are designed to be stretching. The target for the bonus includes the cost of the bonus itself
Share Options		
Executive Share Option Scheme (ESOS)	To align the interests of Executives with those of shareholders	A tax-advantaged executive share option scheme under which options may be granted to Executives periodically up to a maximum total value set by HM Revenue & Customs ("HMRC"). Once options have vested they must be exercised before the tenth anniversary of grant
Senior Executive Share Option Scheme (SESOS)		A non-tax advantaged executive share option scheme under which options were granted to Executives but which has now expired
Save As You Earn Share Option Scheme (SAYE scheme)		All employees of Fuller, Smith & Turner PLC with at least one year's service in July in any year are eligible under this tax-advantaged scheme to receive options to subscribe for 40p 'A' ordinary shares at a discount of 20% on the prevailing market price at the time of the grant having entered into a three or five-year savings contract for the exercise price
Share Incentive Plan (SIP)		All employees of Fuller, Smith & Turner PLC with at least five months' service in November in any year are eligible under this tax-advantaged scheme to receive free 40p 'A' ordinary shares in December of that year. Shares are held by the SIP Trustees for a minimum of three years and a maximum of five years before being available to be passed to participants

Opportunity	Performance measures and reason for selection	Change in year and provisions for malus and clawback (if any)
Annual salary reviews take effect from 1 June in any year. The Committee expects to target salaries around the median to upper quartile of similar sized businesses.	Not applicable	Executive salaries were increased by between 1.93% and 12.68% in June 2014.
The benefits offered are those typically offered at this level. Car allowances are reviewed every January. Product allowances are reviewed from time to time but not typically increased every year. The cost of providing the insurance products varies from year to year.	Not applicable	The benefit is unchanged but the cost of insurance products varies from year to year.
The maximum pay-out under the bonus scheme is 75% of salary. No pay-out would be made if the minimum threshold on the bonus target schedules is not achieved. If profits have declined to a specified degree in the year bonuses are due to be paid, the Committee will assess the performance of the Group relative to a selected peer group. Payments will only be authorised if the Group has performed better than the average of the peer group and where the Group's performance represents outperformance.	The actual performance measures for 2015 are linked to the EPS and profit targets contained in the Group budget for Fuller's Inns and The Fuller's Beer Company. Current and previous targets are considered commercially confidential and will not be published. These targets have been selected as the Committee believes they reward Executives in line with Company performance and strongly align their interests with those of shareholders.	New bonus targets were agreed in May 2015 for the financial year 2015/2016 subject to the revised bonus rules approved the previous year including malus and clawback provisions.
Executives may be issued and hold share options up to the current maximum value set by HMRC of £30,000 at any one time.	ESOS options vest when growth in EPS adjusted principally to exclude exceptional items ("Adjusted EPS") exceeds growth in RPI by at least 9% over the three-year performance period. The Committee is authorised to make appropriate amendments to Adjusted EPS.	No change
The maximum benefit granted to Executives under the SESOS was 20% of salary per annum.	SESOS options vest at 40% (minimum) when growth in Adjusted EPS exceeds growth in RPI by at least 9% over the three-year performance period. Maximum vesting (100% of grant) occurs when growth in Adjusted EPS exceeds inflation by 21% over the three-year period. The performance targets and restrictions are considered to be a realistic test of management performance and were chosen because they are consistent with corporate profit growth objectives and ensure that options only become exercisable against the background of a sustained real increase in the financial performance of the Group.	No change
Under the SAYE Scheme rules eligible employees may agree to save up to £250 per month over a period of three or five years and then purchase shares within six months of the end of the term.	None. There is no requirement for performance targets in SAYE schemes.	The current SAYE Scheme expires in July this year and a resolution for the adoption of a new SAYE Scheme will be put forward at the forthcoming Annual General Meeting.
Shares are awarded based on length of service and base salary. The maximum value of the shares allowable under the Scheme is £3,000 in any one year.	None. There is no requirement for performance targets in SIPs.	No change

Directors' Remuneration Report continued

Element	Purpose – how the element supports the short and long-term strategic objectives of the Company	Operation
Long-Term Incentive Plan (LTIP)	To reward the efforts of Executives in line with the Company's objective of creating shareholder value and increasing EPS in the longer term	<p>The rules of the LTIP allow for discretionary annual awards of 'A' (listed), and 'B' and 'C' (unlisted) ordinary shares. Grants are calculated by reference to the middle market quotation at close the day before. In all cases shares will vest, subject to performance criteria being attained, within 72 days of the publication of results for the last financial year in the performance period.</p> <p>The Remuneration Committee determines whether the Adjusted EPS performance condition has been met using the EPS information which is published in the Group's Annual Reports and Accounts. BDO LLP confirms the level of vesting of awards based on EPS calculations provided by the Group.</p>
Pension	To provide Directors with long term pension provisions on a competitive basis	The Company operates a variety of pension benefits. Executives are either deferred members of the defined benefit Company pension plan – now closed to future accruals – or the Company's defined contribution stakeholder pension plan, or receive a salary supplement or a mixture of these. Further details are available on page 52 of this report.
Malus and Clawback	The malus and clawback provisions act as a disincentive to overstate the metrics that determine the rewards the Executive Directors receive	These were introduced last year to the bonus scheme and to LTIP awards made from last year. They will enable the Committee not to pay bonuses or allow LTIP awards to vest where misconduct occurs during the relevant financial year or before a bonus is paid or an LTIP award vests. They will also enable the Committee to recover bonuses or awards where it is discovered that the Company materially misstated its results for the last whole financial year or a material error was made in assessing the relevant performance conditions.
Non-Executive Directors		
Basic and Additional Fees	To attract and retain high calibre Non Executive Directors by offering market competitive fee levels that recognise the time that the Non Executive Directors commit to their various roles	<p>The fees paid to the Chairman are determined by the Remuneration Committee.</p> <p>The fees paid to the other Non Executive Directors are determined by the Chairman and the Executive Committee.</p> <p>Fees may be paid for specific duties such as the fee paid to Sir James Fuller for his work in liaising with family shareholders.</p> <p>Non Executive Directors do not participate in bonus schemes, share options or LTIPs. None of the Non Executive Directors are members of any Group pension scheme with the exception of Michael Turner, who is a pensioner of the Directors section of the defined benefit Company pension plan.</p>
Benefits	To encourage Non Executive Directors to keep up to date with the Company's product range and to reimburse expenses	<p>Non Executive Directors receive a modest product allowance and are entitled to buy additional products at cost plus VAT. They are reimbursed for travel and other business related expenses.</p> <p>The Chairman, Michael Turner, also benefits from life insurance cover and private medical insurance.</p>

Opportunity	Performance measures and reason for selection	Change in year and provisions for malus and clawback (if any)
The maximum value of shares for which an award may be made to an Executive in any financial year is 110% of salary and will vary depending on seniority. Actual vesting will depend on how well the Company performs against the LTIP's performance conditions.	To assess the awards, the average growth in Adjusted EPS is compared with the growth in inflation over the performance period. The performance period covers three financial years starting from the start of the financial year in which the award is made. No vesting occurs if the Adjusted EPS growth fails to exceed the RPI by at least 9%. 40% of the award vests if the target is hit and there is a sliding scale above that point. For 100% of an award of shares to vest, growth in Adjusted EPS needs to exceed the growth in RPI by 24% or more over the period. The Committee feels that since underlying long term freehold property growth is not being included in the calculation, 9% over inflation is a testing target and one that merits a 40% vesting level. The Committee further believes that the 40% vesting threshold at 9% in excess of inflation is triggering vesting at a value that is still below that being employed by many other companies and that it is the value of the vest that should be considered and not the percentage. Please see the graph on page 56 for further details.	No change
Defined benefit Company pension plan Main section Until closure accrued at 1.7% of basic salary less lower earnings limit (up to a pension cap) per year of service. Additional salary supplement of 17.5% paid over the earnings cap. This applied only to Simon Emery. Defined benefit Company pension plan Directors' section Richard Fuller withdrew from this scheme on 31 March 2014 and now receives a salary supplement of 17.5% of his salary for use in his retirement planning. Pension contributions For the other Executives the Company will contribute a total of 17.5% of the Executive's salary to the defined contribution Company pension plan and/or their nominated pension scheme or pay a salary supplement for them to use as part of their retirement planning subject to the Executive making a net contribution of 8% themselves.	Not applicable	The Company's defined benefit pension plan closed to future accruals from January 2015. Simon Emery was the only Executive still in this scheme and was offered a salary supplement of 17.5% of salary in line with other Executives not in that scheme.
The malus and clawback principles apply to the bonuses that may be paid from 2015 onwards and option grants made from 2014 onwards.	Not applicable	No change
All Non Executive Directors receive a basic fee. The Senior Independent Director receives a fee for that role and there are additional fees for chairing and being a member of the Audit and Remuneration Committees and other specific roles. Non-Executive Directors' fees are not usually reviewed every year but at periods of two to three years when market data on the level of fees is consulted.	There are no specific measures set but appraisals are carried out as explained in the Corporate Governance report on pages 38 to 42.	The fees were reviewed in January 2015 as they had last been reviewed in January 2013. The basic fee increased by 5.13%. The fee for the chairmanship of the Audit and Remuneration Committees increased by 11.1% and 16.67% respectively. The fee for the Senior Independent Director increased by 12.5%.
Product allowances are reviewed from time to time but not typically increased every year.	Not applicable	None

Directors' Remuneration Report continued

Consideration of Employment Conditions Elsewhere in the Company

The Committee is advised of the proposed annual pay review for staff in advance of them considering the proposed pay reviews for Directors so that this can be taken into account when determining Directors' remuneration for the relevant financial year. Salary increases will ordinarily be (in percentage terms) in line with those of the wider workforce and significant variances would only be expected where there had been a significant change in an individual's responsibilities or a market review had been conducted which suggested that an individual's salary was no longer competitive or where the Committee wanted to take account of an individual's performance or experience. The Committee would also be advised if there were any other key changes to the terms and conditions on which staff are employed.

Consideration of Employee Views

The Committee does not formally consult directly with employees on executive pay or in drawing up the Remuneration Policy but does receive periodic updates from the Personnel Director. Share ownership amongst the Company's employees is encouraged through the SAYE Scheme and SIP. These tax advantaged schemes allow employees to participate as shareholders and align their interests with those of the shareholders.

Consideration of Shareholder Views

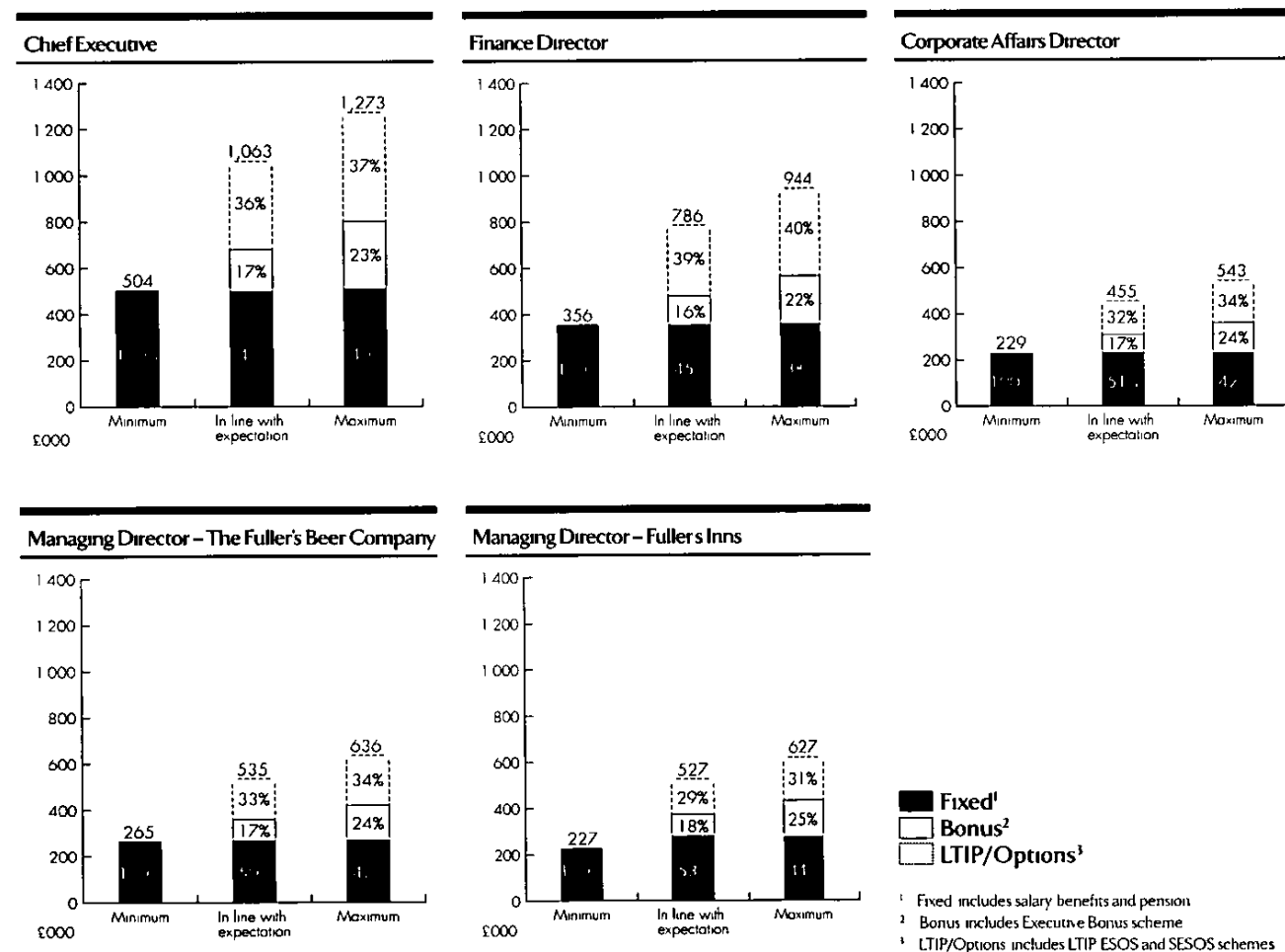
Shareholder views are sought when there is any significant change to Directors' remuneration. Should shareholders have any concerns about the Remuneration Policy the Committee Chairman would endeavour to meet with them as appropriate to understand and respond to any issues they may have.

Discretion Employed by the Committee

The Committee will operate the annual bonus, the LTIP, the ESOS and SESOS in accordance with their applicable rules and in accordance with the Listing and Disclosure Rules where relevant. The Committee retains discretion consistent with market practice in a number of regards to the operation and administration of these schemes. These include, but are not limited to, routine matters such as who participates in them, the timing of awards and vests, the size of awards/pay-outs, the determination of vesting and the setting and application of targets. Other non-routine matters where the Committee may need to use its discretion include, but are not limited to, making adjustments to targets and/or pay outs when there has been a change in accounting policy, making adjustments required when dealing with a change of control or restructuring of the Group, determination of the treatment of leavers and adjustments required in certain circumstances such as rights issues and corporate restructuring events. Any use of the above discretions would, where relevant, be explained in the annual Remuneration Report and may as appropriate be the subject of consultation with the Company's major shareholders.

Illustration of the Application of the Remuneration Policy

A significant proportion of remuneration is linked to performance, particularly at maximum performance levels. The following charts demonstrate the key elements of the remuneration package for the Executives under the Remuneration Policy for the year ended 28 March 2015.



In illustrating the potential reward the following assumptions have been made

Minimum performance – fixed remuneration only with no pay-out under the bonus scheme or LTIP/share options

In line with expectation – this is based on what Executives could receive if bonuses pay out at 60% of the maximum bonus allowance (i.e. 45% of salary) for achieving target performance. LTIP pay-out at 80% of maximum vesting. pay-out under the ESOS at 100% and pay-out under the SESOS at 90%

Maximum – 100% of the bonus (i.e. 75% of salary) and 100% of LTIP awards and Executive and Senior are realised

Recruitment and Promotion

The Company wishes to attract talented individuals to Executive positions either from the industry/market or from internal succession. It would not expect any new Director to receive salary or any other part of their remuneration package that is more than 50% higher than current maximum payments which could be received by the previous role holder. The various components of the package for a new Executive are those already on offer to existing Executives as set out in the table above and they are salary, benefits, bonuses, share schemes and pension. The approach to each component is as set out in the tables on pages 44 to 47 subject to existing rule constraints. Contracts would be offered on the basis that on early termination a payment equal to the salary due for the unexpired period of their notice would be made payable in monthly instalments. For the period of their notice the Executive would be expected to seek alternative income and if they are successful that income would be notifiable to the Company and would be set off against the remaining instalments. The Company is only likely to offer a cash amount on recruitment payment of which may be staggered to reflect the value of benefits a new recruit may have received from a former employer. Relocation expenses and accommodation might be provided if necessary.

In respect of Non Executive Directors the Company would not expect any new Director to receive fees that are more than 50% higher than the fees which could be received by the previous role-holder.

On the appointment of a new Chairman or Non-Executive Director the fees will be set taking into account the experience and calibre of the individual and the fees paid to existing Non Executive Directors.

Service Contracts/Payments on Loss of Office

Executive Directors have rolling service contracts terminable on no more than one year's notice served by the Company or Director.

Ian Bray and Jonathon Swaine are entitled on early termination of their contracts to a payment equal to the salary due for the unexpired period of their notice. This is payable in monthly instalments and for the period of their notice these Executives are expected to seek alternative income and if they are successful that income must be notified to the Company and will be set off against the remaining instalments.

The contracts of the other Executives (which were all in place before 27 June 2012 and are different from those that would be offered to any new Executives and are therefore not in line with the approach to recruitment remuneration as set out above) state that they are entitled to a payment equal to salary and the value of all benefits for the unexpired period of their notice without any reduction for mitigation. Benefits in kind would be valued with reference to their P11D value or cost to the Company. Pension benefits would be valued on a transfer value basis to be calculated and confirmed by the Company's pension advisors.

The Committee has considered whether they should attempt to negotiate a change to the contracts of these Executives but do not believe that this is currently appropriate.

The rules of the bonus scheme and LTIP and other share option schemes set out what happens to awards if a participant ceases to be employed before the end of a bonus year or performance period. Generally any outstanding share awards will lapse on such cessation except in certain circumstances when a Director might be deemed a 'good leaver' which could include on redundancy or retirement (these are examples and are not intended to be a definitive list). In determining whether an Executive Director should be treated as a good leaver and the extent to which bonuses, awards and share options vest or become exercisable and/or a pro-rated bonus is due the Committee will take into account the circumstances of an individual's departure and his performance.

Service Contracts and Fee Letters

The obligations contained in the Executives service contracts are described in the section entitled 'Service Contracts/Payments on Loss of Office'.

Executive Directors	Date of contract	Notice period
Simon Emery	13 January 1999	12 months
James Douglas	31 July 2007	12 months
Richard Fuller	8 December 2009	12 months
Ian Bray	12 December 2011	12 months
Jonathon Swaine	20 March 2012	12 months

Non-Executive Directors	Date of letter of appointment or re-appointment	Term expires
Michael Turner	1 July 2013	June 2016
John Dunsmore	15 November 2011	January 2018*
Sir James Fuller	1 June 2010	May 2016
Lynn Fordham	15 November 2011	January 2018*
Alastair Kerr	19 July 2011	August 2015

Subject to approval of the re-appointment by the Board of Directors during the period at the Annual General Meeting.

Directors' Remuneration Report continued

Annual Remuneration Implementation Report

The information on pages 50 to 56 has been audited

The Remuneration Committee

The Remuneration Committee consists entirely of Independent Non Executive Directors and the members are currently Alastair Kerr (Chairman), John Dunsmore and Lynn Fordham. The Chairman of the Company Michael Turner and the Chief Executive Simon Emery, are invited to attend the Committee meetings and to advise, where appropriate, on the remuneration and performance of the Executive Directors and related matters. The Committee is advised internally by the Company Secretary Severine Garnham, who also acts as Secretary to the Committee.

The Committee's terms of reference state that the Committee is responsible for determining the total remuneration package (including pensions, service agreements and termination payments) of the Executive Directors. The Committee also reviews the remuneration of the Company's divisional directors in consultation with the Chief Executive. Members of the Committee have no personal financial interest in the Company other than as shareholders and Directors.

The Committee's Advisors

Xfinity Consulting Limited provides the Committee and the Company with advice on matters relating to pensions. BDO LLP provides the Committee and the Company with advice in connection with the Company's LTIP and share option schemes and other remuneration matters. Both of these consultants have been providing advice to the Company for some years and were not specifically appointed by the Committee. Xfinity Consulting Limited is authorised and regulated by the Financial Conduct Authority and its actuaries are also separately required to abide by Actuarial Profession Standards which include the requirement for it to provide objective and independent advice. BDO abides by the Remuneration Consultants Code of Conduct which requires them to provide objective and independent advice. Other advisors did not charge fees for services provided in respect of Directors' remuneration during the year.

Statement of Implementation of Remuneration Policy in the Current Financial Year

The Executive Directors' salaries with effect from 1 June 2015 are:

Simon Emery - £410,000

James Douglas - £286,000

Richard Fuller - £177,500

Ian Bray - £211,000

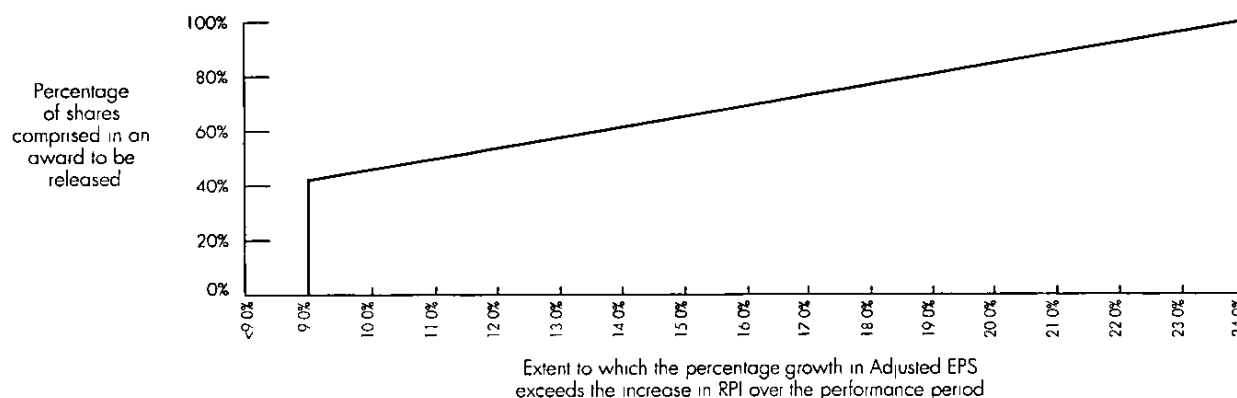
Jonathon Swaine - £220,000

The Non-Executive Directors' fees were reviewed in January 2015 and changes were effective from 1 January 2015.

The annual bonus for the financial year 2015/2016 will operate on the same basis as the previous financial year and will be consistent with the policy detailed in the Directors' Remuneration Policy above. As explained on page 45, the Company does not publish bonus targets since these are considered commercially sensitive. However, details of other performance measures which will operate are given on page 45 and details of the relative weightings of each are given on page 52.

The awards under the LTIP are expected to be made at 110% of salary for the Chief Executive and Finance Director and 82.5% for the other Executives. The LTIP awards for the financial year 2015/2016 are subject to the following performance condition:

LTIP Awards



Single Total Figure of Remuneration Table

The following table shows a breakdown of the remuneration of individual Directors who served in all or part of the year

	Salary/Fees		Taxable benefits ¹		Annual bonus ²		LTIP/Options ³		Pensions ⁴		Total	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Michael Turner ⁵	250	288	25	24	–	61	–	363	–	–	275	736
Simon Emeny	383	365	25	22	223	213	512	288	101	89	1,244	977
James Douglas	279	270	22	22	163	159	407	233	49	47	920	731
Richard Fuller	173	170	22	21	81	74	201	122	30	50	507	437
Ian Bray	210	206	22	21	97	89	209	–	37	35	575	351
Jonathon Swaine	196	177	22	21	121	103	238	47	34	31	611	379
John Dunsmore	58	57	–	–	–	–	–	–	–	–	58	57
Sir James Fuller	45	44	1	1	–	–	–	–	–	–	46	45
Lynn Fordham	59	58	–	1	–	–	–	–	–	–	59	59
Alastair Kerr	56	55	1	1	–	–	–	–	–	–	57	56

¹ Taxable benefits include car allowances, product allowances and health cover

² Bonus refers to the annual bonus scheme based on performance in the period under review and the value of free shares awarded under the SIP (£3000)

³ LTIP/Options includes the value transferred to Directors from the LTIP ESOS, SEESOS and SAYE Schemes. Benefit is calculated as the share price at the year end less the exercise price multiplied by the number of vested options. Options are considered to have vested if substantially all of the performance criteria have been met in the financial year in which case the number of vested options is estimated based on performance against performance measures. The table below sets out how the award is linked to performance of the Group

⁴ Pensions includes benefit transferred on defined contribution and defined benefit schemes. Refer to 'Total Pension Entitlement' section below for detail on individual Directors' pension entitlements. Benefit transferred on defined benefit pension entitlement is equivalent to the increase in accrued pension as at 28 March 2015 (excluding an increase for inflation) multiplied by 20

⁵ Michael Turner became Non Executive Chairman on 1 July 2013. Michael Turner reached retirement age on 12 June 2011 and thereafter was drawing his pension and so accrues no further benefit

The following table shows how variable pay elements are linked to the performance of the Group in 2015

	Performance measure	Target set		Value of award	Actual performance	Value of award
		Minimum	Maximum			
LTIP	EPS vs RPI	EPS exceeds RPI by + 9%	EPS exceeds RPI by +24%	% vest of original grant ¹ Minimum – 40% Maximum – 100%	23.7%	96% of maximum award
Senior Executive Share Options	EPS vs RPI	EPS exceeds RPI by + 9%	EPS exceeds RPI by +21%	% vest of original grant ² Minimum – 40% Maximum – 100%	23.7%	100% of maximum award

¹ Maximum grant equates to 100% of salary

² Maximum grant equates to 20% of salary

Percentage Change in Remuneration of Chief Executive

The table below shows the percentage change in the remuneration of the Chief Executive compared to that of the average of all of the Groups employees taken as a whole between the financial years ended 29 March 2014 and 28 March 2015

	Chief Executive	Employees
Change in annual salary	4.9%	2.5%
Change in taxable benefits	13.6%	0%
Change in annual bonus ¹	(0.5)%	1.9%

¹ The Change in annual bonus reflects the increase or decrease in the percentage of annual salary paid out as bonus and excludes the value of free shares awarded under the SIP. The employee comparator group excludes hourly paid pub staff who receive bonus incentives through tips via a tronic system as opposed to other bonus incentive schemes

Salary

The Committee sets the base salary for each Executive Director by reference to individual and corporate performance, competitive market practice and independent salary survey information. Last year base pay was increased by approximately 3% for all Directors. This was broadly in line with the median of increases paid to head office staff.

External Directorship Fees

The Board may give approval for Executives to have one non executive role and to retain any related fees paid. Simon Emeny is the Senior Independent Non Executive Director of Dunelm Group plc. He retains fees of £50,000 per annum in respect of this position.

Directors' Remuneration Report continued

Bonus

Actual performance against targets is shown above. Performance measures for the annual bonus were weighted for each Director as follows

	Group profit	Fuller's Beer Company profit	Fuller's Inns profit
Simon Emeny	100%	–	–
James Douglas	100%	–	–
Richard Fuller	60%	40%	–
Ian Bray	60%	40%	–
Jonathon Swaine	60%	–	40%

For the year under review Simon Emeny and James Douglas each earned a bonus of 57% of salary. Ian Bray and Richard Fuller each earned a bonus of 45% of salary and Jonathon Swaine earned a bonus of 60% of salary.

Total Pension Entitlements

Michael Turner is a pensioner of the defined benefit Company pension plan under the Directors' section.

Richard Fuller became a deferred member of the defined benefit Company pension plan under the Directors' section on 31 March 2014 when he withdrew from the plan. He is in receipt of a 175% salary supplement in lieu of employer's pension contribution. Richard Fuller has confirmed that he will use his supplement as part of his retirement planning. With effect from 1 April 2015, he opted to draw his pension benefits early under the defined benefit Company pension plan.

Simon Emeny became a deferred member of the defined benefit Company pension plan under the Main section when the plan closed to future accruals on 1st January 2015. Prior to closure, he received a salary supplement of 175% of the excess of his base salary over the earnings cap for use as part of his retirement planning. Following closure of the defined benefit Company pension plan to future accruals from January 2015, Simon Emeny is in receipt of a 175% salary supplement in lieu of contributions to a pension plan, which he is expected to use as part of his retirement planning.

The details of pensions accrued under the defined benefit scheme as at 28 March 2015 were:

	Increase in accrued pension (allowing for inflation) ¹ £	Total accrued pension at end of year ² £	Normal retirement date	Additional pension accrued upon early retirement £
Simon Emeny	2,497	26,767	62	–
Richard Fuller	2,524	96,081	62	–

¹ Increase in accrued pension (allowing for inflation) - this is the accrued pension at the year end less the accrued pension at the start of the year adjusted for inflation over the year.

² Total accrued pension at end of year or retirement age date, if earlier - this is what the Director is entitled to receive as an annual pension based on service to date.

James Douglas is paid a contribution of 175% of his salary by the Company which he is required to use as part of his overall retirement planning. He is also required to contribute 8% of his net salary to his pension or another investment vehicle.

The Company makes a contribution of 175% of salary to Ian Bray and Jonathon Swaine's nominated pension schemes. They are also required to make contributions of 8% themselves.

Scheme Interests Awarded During the Financial Year

In respect of the 52 week period ended 28 March 2015 the following LTIPs, Share Options and SIP awards were granted:

Director	Scheme	Number of A shares	Number of B shares	Exercise price per A share	Exercise price per B share	Face value at grant/award	Date of grant/award	Performance period ends	% of award/grant vesting at minimum threshold
Simon Emeny	LTIP	35,108	87,772	£9.65	£0.965	£423,492	30/06/2014	29/06/2017	40%
	SIP	309	–	£9.69	–	£2,994	04/12/2014	n/a	n/a
Total		35,417	87,772			£426,486			
James Douglas	LTIP	25,533	63,834	£9.65	£0.965	£307,993	30/06/2014	29/06/2017	40%
	SAYE	1,204	–	£7.47	–	£8,994	01/09/2014	01/09/2017	100%
	SIP	309	–	£9.69	–	£2,994	04/12/2014	n/a	n/a
Total		27,046	63,834			£319,981			
Richard Fuller	LTIP	11,900	29,751	£9.65	£0.965	£143,545	30/06/2014	29/06/2017	40%
	ESOS	2,588	–	£9.65	–	£24,974	30/06/2014	30/06/2017	n/a
	SAYE	401	–	£7.47	–	£2,995	01/09/2014	01/09/2017	100%
	SIP	309	–	£9.69	–	£2,994	04/12/2014	n/a	n/a
Total		15,198	29,751			£174,508			

Director	Scheme	Number of A shares	Number of B shares	Exercise price per A share	Exercise price per B share	Face value at grant/award	Date of grant/award	Performance period ends	% of award/grant vesting at minimum threshold
Ian Bray	LTIP	14,431	36,077	£9.65	£0.965	£174,073	30/06/2014	29/06/2017	40%
	SAYE	722	–	£7.47	–	£5,393	01/09/2014	01/09/2017	100%
	SIP	309	–	£9.69	–	£2,994	04/12/2014	n/a	n/a
Total		15,462	36,077			£182,460			
Jonathon Swaine	LTIP	13,678	34,196	£9.65	£0.965	£164,992	30/06/2014	29/06/2017	40%
	SIP	309	–	£9.69	–	£2,994	04/12/2014	n/a	n/a
Total		13,987	34,196			£167,986			

¹ Face values have been calculated using the actual grant prices also shown in the table, except for SAYE. For the SAYE Scheme this is based on an average price for the three days before grant (shown above) although options are granted at a 20% discount.

² Executives may be awarded up to 20% of their salary through the tax advantaged Executive Share Option Scheme and - until its expiry - the non tax advantaged Senior Executive Share Option Scheme. Under the former scheme, only options worth £30,000 may be held at any time.

Share Scheme Interests Outstanding at the Year End

Shares

The Company has Share Ownership Guidelines for Directors which state that Executives should hold shares worth at least 100% of their salary. Accordingly Executives are required to retain:

- All shares they hold in the SIP
- All shares they acquire as a result of exercising SAYE options
- All shares that they acquire as a result of exercising options under the tax-advantaged Executive Share Option Scheme net of the cost of those options
- At least 75% of any shares that they acquire as a result of exercising options under the non tax-advantaged Senior Executive Share Option Scheme net of the cost of those options and the costs of settling related tax and NI thereon
- At least 75% of any post-tax and NI vested shares under the LTIP until their guideline is met

All of the Executive Directors' shareholdings already meet the guideline with the exception of Ian Bray who joined the Company in 2011.

Directors' Shareholdings

Directors' Share Interests	Beneficial Interest at 28 March 2015	Non beneficial Interest at 28 March 2015	Beneficial Interest at 29 March 2014	Non-beneficial Interest at 29 March 2014
Michael Turner				
A ordinary 40p shares	271,378	–	271,378	–
B ordinary 4p shares	2,988,394	–	2,988,394	–
C ordinary 40p shares	624,260	–	624,260	–
2nd Preference £1 shares	71	–	71	–
Simon Emeny				
A ordinary 40p shares	98,730	–	95,421	–
B ordinary 4p shares	738,883	–	677,208	–
James Douglas				
A ordinary 40p shares	48,449	–	40,501	–
B ordinary 4p shares	178,583	–	132,005	–
Richard Fuller				
A ordinary 40p shares	8,106	500,000	6,996	500,000
B ordinary 4p shares	3,253,744	10,935,015	3,351,606	10,935,015
C ordinary 40p shares	25,000	–	25,000	–
2nd Preference £1 shares	303	–	303	–
Ian Bray				
A ordinary 40p shares	2,266	–	1,957	–

Directors' Remuneration Report continued

Directors' Share Interests	Beneficial Interest at 28 March 2015	Non beneficial Interest at 28 March 2015	Beneficial Interest at 29 March 2014	Non beneficial Interest at 29 March 2014
Jonathon Swaine				
A ordinary 40p shares	18,827	–	14,934	–
B ordinary 4p shares	62,688	–	52,461	–
John Dunsmore				
A ordinary 40p shares	23,305	–	23,305	–
Sir James Fuller				
A ordinary 40p shares	88,942	–	88,942	–
B ordinary 4p shares	9,143,952	–	9,143,952	–
C ordinary 40p shares	2,702,003	–	2,702,003	–
Lynn Fordham				
A ordinary 40p shares	13,098	–	3,182	–
Alastair Kerr				
A ordinary 40p shares	3,941	–	3,941	–

There were no changes in the beneficial interests of any director to 27 May 2015

Director's Share Options

Director	Scheme	As at 29 March 2014	Exercised	Lapsed	Granted	As at 28 March 2015	Exercise price	Date of grant	Exercisable from	Expiry date	Price at exercise date
Simon Emeny	SESOS	2,007	(2,007)	–	–	–	£4.98	18/07/06	18/07/09	18/07/16	£9.72
	SESOS	4,285	(4,285)	–	–	–	£7.51	18/07/07	18/07/10	18/07/17	£9.72
	SESOS	9,990	(9,990)	–	–	–	£4.05	15/07/08	15/07/11	15/07/18	£9.72
	SESOS	9,916	(9,916)	–	–	–	£4.80	16/07/09	16/07/12	16/07/19	£9.72
	SESOS	5,190	–	–	–	5,190	£5.78	12/07/10	12/07/13	12/07/20	
	SAYE	2,530	–	–	–	2,530	£4.64	01/09/10	01/09/15	01/03/16	
	SESOS	515	–	–	–	515	£6.30	30/11/10	30/11/13	30/11/20	
	SESOS	9,139	–	(2,742)	–	6,397	£7.09	20/07/11	20/07/14	19/07/21	
	SESOS	9,446	–	–	–	9,446	£7.05	12/07/12	12/07/15	11/07/22	
	ESOS	3,296	–	–	–	3,296	£9.10	01/07/13	01/07/16	01/07/23	
	SESOS	4,945	–	–	–	4,945	£9.10	01/07/13	01/07/16	01/07/23	
	SAYE	497	–	–	–	497	£7.24	01/09/13	01/09/18	01/03/19	
	Total	61,756	(26,198)	(2,742)	–	32,816					
James Douglas	SESOS	2,391	–	–	–	2,391	£4.05	15/07/08	15/07/11	15/07/18	
	SESOS	8,625	–	–	–	8,625	£4.80	16/07/09	16/07/12	16/07/19	
	SESOS	4,504	–	–	–	4,504	£5.78	12/07/10	12/07/13	12/07/20	
	SESOS	628	–	–	–	628	£6.30	30/11/10	30/11/13	30/11/20	
	SESOS	7,277	–	(2,183)	–	5,094	£7.09	20/07/11	20/07/14	19/07/21	
	SESOS	7,517	–	–	–	7,517	£7.05	12/07/12	12/07/15	11/07/22	
	SESOS	2,659	–	–	–	2,659	£9.10	01/07/13	01/07/16	01/07/23	
	ESOS	3,296	–	–	–	3,296	£9.10	01/07/13	01/07/16	30/06/23	
	SAYE	–	–	–	1,204	1,204	£7.47	01/09/14	01/09/17	01/03/18	
Total		36,897	–	(2,183)	1,204	35,918					

Director	Scheme	As at 29 March 2014	Exercised	Lapsed	Granted	As at 28 March 2015	Exercise price	Date of grant	Exercisable from	Expiry date	Price at exercise date
Richard Fuller	SAYE	801	{801}	-	-	-	£3.88	01/09/09	01/09/14	01/03/15	£9.41
	SESOS	2,592	-	-	-	2,592	£5.78	12/07/10	12/07/13	12/07/20	
	ESOS	869	-	-	-	869		12/07/10	12/07/13	12/07/20	
	SAYE	665	-	-	-	665	£4.64	01/09/10	01/09/15	01/03/16	
	SESOS	4,612	-	{1,384}	-	3,228	£7.09	20/07/11	20/07/14	19/07/21	
	SAYE	563	-	-	-	563	£5.47	01/09/11	01/09/16	01/03/17	
	SESOS	4,765	-	-	-	4,765	£7.05	12/07/12	12/07/15	11/07/22	
	SESOS	3,747	-	-	-	3,747	£9.10	01/07/13	01/07/16	01/07/23	
	SAYE	828	-	-	-	828	£7.24	01/09/13	01/09/18	01/03/19	
	ESOS	-	-	-	2,588	2,588	£9.65	30/06/14	30/06/17	30/06/24	
	SAYE	-	-	-	401	401	£7.47	01/09/14	01/09/19	01/03/20	
Total		19,442	{801}	{1,384}	2,989	20,246					
Ian Bray	SESOS	1,503	-	-	-	1,503	£7.05	12/07/12	12/07/15	11/07/22	
	ESOS	4,255	-	-	-	4,255	£7.05	12/07/12	12/07/15	12/07/22	
	SESOS	4,549	-	-	-	4,549	£9.10	01/07/13	01/07/16	01/07/23	
	SAYE	497	-	-	-	497	£7.24	01/09/13	01/09/16	01/03/17	
	SAYE	-	-	-	722	722	£7.47	01/09/14	01/09/17	01/03/18	
Total		10,804	-	-	722	11,526					
Jonathon Swaine	SAYE	1,649	{1,649}	-	-	-	£5.47	01/09/11	01/09/14	01/03/15	£9.30
	SESOS	709	-	-	-	709	£7.05	12/07/12	12/07/15	11/07/22	
	ESOS	4,255	-	-	-	4,255	£7.05	12/07/12	12/07/15	12/07/22	
	SESOS	3,901	-	-	-	3,901	£9.10	01/07/13	01/07/16	01/07/23	
Total		10,514	{1,649}	-	-	8,865					
TOTAL		139,413	{28,648}	{6,309}	4,915	109,371					

Note: The Executive Share Option Scheme (ESOS), Savings related share option scheme (SAYE) and Share Incentive Plan (SIP) are all tax advantaged share option schemes. The Senior Executive Share Option Scheme (SESOS) is not a tax advantaged share option scheme.

 Vested but unexercised options

Directors' Long Term Incentive Plan Allocations

Director	Total at 29 March 2014	Awarded during the year	Vested during the year	Lapsed during the year	Total held at 28 March 2015	Monetary value of vest £000*
Simon Emery						
A ordinary 40p shares	107,312	35,108	(23,397)	(13,161)	105,862	223
B ordinary 4p shares	268,281	87,772	(58,493)	(32,903)	264,657	56
James Douglas						
A ordinary 40p shares	83,005	25,533	(18,631)	(10,480)	79,427	177
B ordinary 4p shares	207,515	63,834	(46,578)	(26,200)	198,571	45
Richard Fuller						
A ordinary 40p shares	39,374	11,900	(8,855)	(4,981)	37,438	85
B ordinary 4p shares	98,438	29,751	(22,138)	(12,452)	93,599	22
Ian Bray						
A ordinary 40p shares	30,924	14,431	-	-	45,355	-
B ordinary 4p shares	77,311	36,077	-	-	113,388	-
Jonathon Swaine						
A ordinary 40p shares	32,988	13,678	(4,091)	(2,301)	40,274	39
B ordinary 4p shares	82,472	34,196	(10,227)	(5,753)	100,688	10

The market price of A ordinary shares on 30 July 2014 for the LTIP awards that vested and were released to participants was £9.50; the price of B ordinary shares is assumed to be £0.95.

Directors' Remuneration Report continued

The performance conditions for the LTIP are set out in the tables on pages 52 and 53 of this report

Payments to Past Directors

Anthony Fuller former Chairman and now President receives an annual royalty of £15 000 which is paid in recognition of the fact that Mr Fuller has given the Company ongoing exclusive permission to use his name and signature on any Company product

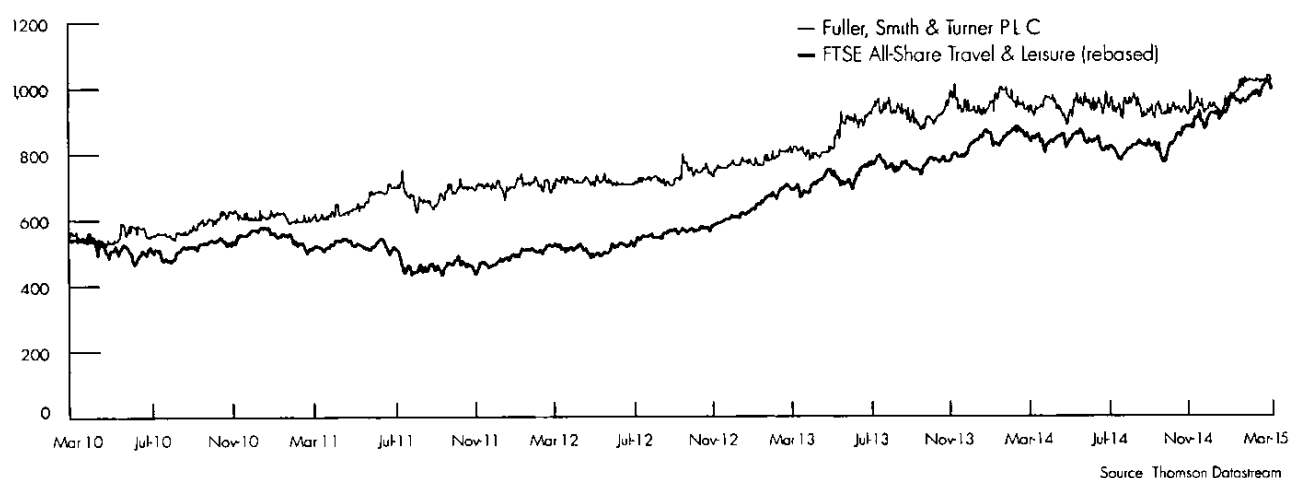
Nigel Atkinson former Non Executive Director receives annual fees of £7 500 which are paid because Mr Atkinson continues to act for the Company as our ambassador in the Hampshire area attending various events as the Company's representative

Payments for Loss of Office

There were no payments to Directors or former Directors for loss of office

Performance Graph and Table

The graph below shows a comparison of the Total Shareholder Return (TSR) for the Company's listed A ordinary shares for the last 10 financial years against the TSR for the companies in the FTSE Travel & Leisure Index. The Company is a constituent of this Index and therefore it is an appropriate choice for this report



The table below shows the total remuneration figure for the Chief Executive over the last five financial years and the annual bonus and LTIP pay out for each year as a percentage of the maximum available

	2011 ²	2012	2013	2014 ³	2015
Single figure total remuneration	1,518	944	1,088	977	1,244
Annual bonus ¹	70%	56%	41%	77%	76%
LTIP	85%	92%	56%	64%	96%

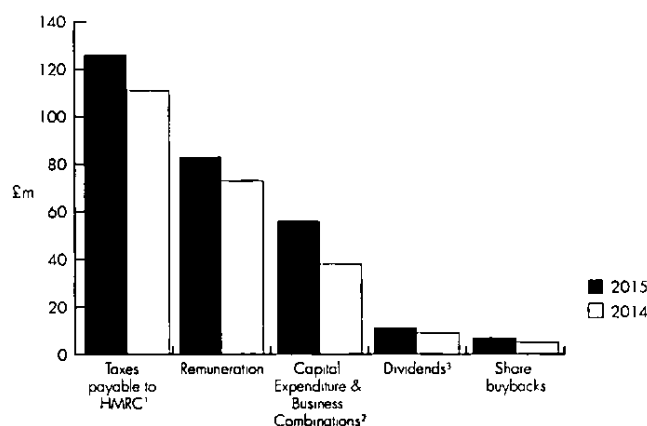
¹ Annual bonus as a percentage of the maximum available

² The single total remuneration figure includes an increase in the accrued benefit under the defined benefit Company pension plan to the value of £44 000 equating to a benefit of £880 000. Michael Turner did not receive such an increase in the other years disclosed. Excluding this pension benefit reduces the single total figure to £638 000 for the year.

³ Simon Emeny was appointed as Group Chief Executive in July 2013. The single total figure comprises of the remuneration received by Simon Emeny in the financial year hence includes remuneration for the three months prior to this promotion.

Relative Importance of Spend on Pay

The table below shows the total remuneration for the Group's employees compared to other key financial indicators



¹ Taxes payable to HMRC is based upon tax incurred in the year and includes corporation tax, VAT, PAYE, NI, duty, stamp duty, non-domestic rates, property licences, environmental levies and machine game duty. It has increased due to increased VAT and duty payments resulting from the continued growth of the Group. This measure has been selected as it reflects a significant outflow for the Group.

² Capital expenditure (including business combinations) represents cash paid, is consistent with the numbers disclosed in the financial statements and has increased due to the conversion of The Lamb & Flag from leasehold to freehold in the year. This measure has been selected as it reflects a significant outflow for the Group.

³ Dividends represents the interim dividend for 2014 paid in the year and the final dividend for 2014 that has been proposed but not paid in the year.

Statement of Voting at the Last Annual General Meeting

At the Annual General Meeting held on 24 July 2014, votes cast by proxy in respect of the approval of the Directors' Remuneration Report were as follows:

Resolution text	Number of votes cast for	Percentage of votes cast for	Number of votes cast against	Percentage of votes cast against	Total votes cast	Number of votes withheld
Approval of Remuneration Report	91,441,071	98.70%	1,207,896	1.30%	92,648,967	4,423,373

The Directors' Remuneration Report encompassing pages 43 to 57 was approved by the Board and signed on its behalf:

Alastair Kerr
Chairman of the Remuneration Committee

4 June 2015

Independent Auditor's Report

to the members of Fuller, Smith & Turner PLC

Our opinion on the financial statements is unmodified

In our opinion

- the financial statements give a true and fair view of the state of the Groups and of the Parent Company's affairs as at 28 March 2015 and of the Groups profit for the 52 week period then ended
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006 and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and as regards the Group financial statements Article 4 of the International Accounting Standards (IAS) Regulation

Who we are reporting to

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.

What we have audited

Fuller Smith & Turner PLC's financial statements for the 52 week period ended 28 March 2015 comprise the Group Income Statement, the Group and Company Statements of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statements of Changes in Equity, the Group and Company Cash Flow Statements and the related notes 1 to 31.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that are, in our judgement, likely to be most important to users' understanding of our audit.

Assessment of impairment of property, plant and equipment and goodwill

The risk As more fully explained in note 11, the Directors are required to make an impairment assessment for property, plant and equipment when there is an indication that an asset may be impaired and for goodwill annually. The process for measuring and recognising impairment under IAS 36 Impairment of Assets is complex and highly judgemental, particularly as each individual trading outlet is treated as a separate cash-generating unit for impairment purposes. We therefore identified the valuation of property, plant and equipment and goodwill as a significant risk requiring special audit consideration.

Our response Our audit work included, but was not restricted to, using our valuation specialists to evaluate the methodology and assumptions used by the Directors to perform the impairment assessment, in particular those relating to the forecasted growth and discount rates for each cash-generating unit, and the allocation of goodwill to groups of cash-generating units. We compared the methodologies applied and the assumptions used to our expectations and emerging market activity. We also used our valuations specialists to challenge the key assumptions used by management.

The Group's accounting policy on impairment is included in note 1, with further disclosure given in respect of property, plant and equipment in note 11 and goodwill in note 10. The Audit Committee also identified impairment testing of property assets as a significant issue in its report on page 41, where the Committee also describes how it addressed this issue.

The risk of fraud in revenue recognition

The risk Under International Standards on Auditing (ISAs) (UK and Ireland) there is a presumed risk of fraud in revenue recognition. As the Group records a substantial proportion of sales in cash and through point of sale transactions, we identified fraud in revenue recognition as a significant risk requiring special audit consideration.

Our response Our audit work included, but was not restricted to, an evaluation of the revenue recognition policies for each of the Group's three operating segments in accordance with the Group's stated accounting policies and IAS 18 Revenue. For each segment, we tested a sample of revenue transactions to proof of delivery documentation to assess whether the Group's revenue recognition policy was being applied consistently in each case. This was supported by further substantive tests of detail in respect of trade receivables through a combination of third party confirmations, testing of subsequent receipts or proof of delivery.

The Group's accounting policy on revenue recognition is included in note 1 with disclosure of revenues in note 3.

Management override of controls

The risk Under ISAs (UK and Ireland) for all of our audits we are required to consider the risk of management override of controls. Due to the unpredictable nature of this risk, we have assessed it as a significant risk requiring special audit consideration.

Our response Our audit work included, but was not restricted to, specific procedures relating to this risk that are required by ISA (UK and Ireland) 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements. This included tests of journal entries using computer assisted analytical techniques and in particular an assessment of both unusual transactions and an analysis of the indicators of journal entries. Our work also included the evaluation of judgements and assumptions in management's estimates, assessing the extent of estimation uncertainty using sensitivity analysis and tests of significant transactions outside the normal course of business.

In particular, we assessed each of the critical judgements and estimates as set out in the Group's accounting policies in note 1 with a particular focus on the assessment of impairment of property, plant and equipment and goodwill, as set out above.

Fair value measurement of The Stable entities acquisition

The risk As a significant business combination in the period, there is a requirement to recognise the acquisition in line with IFRS 3 Business Combinations. The risk is that inappropriate valuation and accounting treatment may be applied due to the complex nature of the acquisition and specifically the terms of the put and call option. We therefore considered the fair value measurement of The Stable entities acquired as a significant risk requiring special audit consideration.

Our response Our audit work included, but was not restricted to, an evaluation of the acquisition accounting paper provided by management in conjunction with IFRS 3 Business Combinations and a review of the Share Purchase Agreement and other relevant signed documentation relating to the acquisition. In addition, we have assessed the recognition and valuation of the contingent consideration including the put and call options in line with IFRS 3 Business Combinations.

Business Combination disclosure given in respect of the acquisition is detailed in note 17. The Audit Committee also identified the acquisition of a majority interest in The Stable as a significant issue in its report on page 41, where the Committee also describes how it addressed this issue.

Independent Auditor's Report continued to the Members of Fuller, Smith & Turner PLC

Our application of materiality and an overview of the scope of our audit

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We determined materiality for the audit of the Group financial statements as a whole to be £17 million which is 5% of a forecast of the period's profit before taxation. As the profit before taxation for the period is not substantially different from the forecast, we have not revised our assessment of materiality. This benchmark is considered the most appropriate because it is one of the most important key performance indicators for the Board and its shareholders as well as being a crucial component of the earnings per share calculation and the value of Directors' bonuses. We use a different level of materiality performance materiality to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the Group financial statements. We also determine a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements in respect of the Group financial statements to the Audit Committee to be £86,000. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

The Group is organised into three principal operating divisions: Managed Pubs and Hotels, Tenanted Inns, and The Fullers Beer Company. Although the Group financial statements are a consolidation of three trading subsidiaries, over 99% of the Group's revenue and profit before taxation arose in the Parent Company. The subsidiaries are subject to analytical procedures. Our audit approach was based on a thorough understanding of the Group's business and is risk-based, consisting of substantive testing on significant transactions, balances, and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the design effectiveness of controls over individual systems, and the management of specific risks.

Other reporting required by regulations

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular we are required to report to you if

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable; or
- the Annual Report does not appropriately disclose those matters that were communicated to the Audit Committee which we consider should have been disclosed.

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

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

Under the Listing Rules we are required to review

- the Directors' statement set out on page 20 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the 10 provisions of the UK Corporate Governance Code specified for our review.

Responsibilities for the financial statements and the audit

What an audit of financial statements involves

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

What the directors are responsible for

As explained more fully in the Statement of Directors' Responsibilities set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for

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

Charles Hutton-Potts

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

4 June 2015

Group Income Statement

for the 52 weeks ended 28 March 2015

	Note	52 weeks ended 28 March 2015			52 weeks ended 29 March 2014		
		Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Revenue	3	321.5	–	321.5	288.0	–	288.0
Operating costs	4,5	(279.2)	(1.5)	(280.7)	(248.1)	(1.9)	(250.0)
Operating profit		42.3	(1.5)	40.8	39.9	(1.9)	38.0
Profit on disposal of properties	5	–	0.8	0.8	–	1.9	1.9
Pension fund curtailment gain	5	–	1.2	1.2	–	–	–
Finance costs	5,6	(5.9)	(0.8)	(6.7)	(5.8)	(0.6)	(6.4)
Profit before tax		36.4	(0.3)	36.1	34.1	(0.6)	33.5
Taxation	5,7	(7.9)	0.1	(7.8)	(7.9)	3.5	(4.4)
Profit for the year		28.5	(0.2)	28.3	26.2	2.9	29.1
Attributable to							
Equity shareholders of the Parent Company		28.6	(0.2)	28.4	26.2	2.9	29.1
Non-controlling interests		(0.1)	–	(0.1)	–	–	–
Earnings per share per 40p 'A' and 'C' ordinary share		Pence		Pence	Pence	Pence	
Basic	8			51.15			52.14
Diluted	8			50.42			51.39
Adjusted	8	51.51			46.94		
Diluted adjusted	8	50.78			46.27		
Earnings per share per 4p 'B' ordinary share							
Basic	8			5.12			5.21
Diluted	8			5.04			5.14
Adjusted	8	5.15			4.69		
Diluted adjusted	8	5.08			4.63		

The results and earnings per share measures above are all in respect of continuing operations of the Group

Group and Company Statements of Comprehensive Income

for the 52 weeks ended 28 March 2015

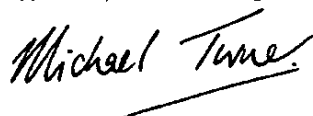
	Note	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Group			
Profit for the year		28.3	29.1
<i>Items that may be reclassified to profit or loss</i>			
Net (losses)/gains on valuation of financial assets and liabilities	26	(3.0)	2.4
Tax related to items that may be reclassified to profit or loss		0.6	(0.6)
<i>Items that will not be reclassified to profit or loss</i>			
Net actuarial losses on pension schemes	23	(8.3)	(4.1)
Tax related to items that will not be reclassified to profit or loss		1.7	0.4
Other comprehensive loss for the year, net of tax		(9.0)	(1.9)
Total comprehensive income for the year, net of tax, attributable to equity shareholders of the Parent Company		19.3	27.2
Total comprehensive income attributable to			
Equity shareholders of the Parent Company		19.4	27.2
Non-controlling interest		(0.1)	–
Company			
Profit for the year		27.0	26.4
<i>Items that may be reclassified to profit or loss</i>			
Net (losses)/gains on valuation of financial assets and liabilities	26	(3.0)	2.4
Tax related to items that may be reclassified to profit or loss		0.6	(0.6)
<i>Items that will not be reclassified to profit or loss</i>			
Net actuarial losses on pension schemes	23	(8.3)	(4.1)
Tax related to items that will not be reclassified to profit or loss		1.7	0.4
Other comprehensive loss for the year, net of tax		(9.0)	(1.9)
Total comprehensive income for the year, net of tax		18.0	24.5

Group and Company Balance Sheets

28 March 2015

	Note	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Non-current assets					
Intangible assets	10	38.7	34.4	8.5	7.9
Property, plant and equipment	11	471.9	434.8	466.7	433.1
Investment properties	12	4.6	4.7	4.6	4.7
Derivative financial assets	13	0.3	0.8	0.3	0.8
Other non-current assets	14	0.3	0.4	0.3	0.4
Investments in subsidiaries	15	–	–	94.8	94.8
Deferred tax assets	25	8.4	6.2	8.2	6.1
Total non-current assets		524.2	481.3	583.4	547.8
Current assets					
Inventories	18	10.6	10.6	10.6	10.6
Trade and other receivables	19	17.7	18.3	26.4	18.3
Cash and short term deposits	22	5.1	4.1	4.8	4.1
Total current assets		33.4	33.0	41.8	33.0
Assets classified as held for sale	20	–	1.2	–	1.2
Current liabilities					
Trade and other payables	21	49.2	46.1	145.9	140.4
Current tax payable		3.9	3.9	3.9	3.9
Provisions	25	0.4	1.2	0.4	1.2
Borrowings	22	20.0	–	20.0	–
Total current liabilities		73.5	51.2	170.2	145.5
Non-current liabilities					
Borrowings	22	147.7	143.9	147.5	143.7
Derivative financial liabilities	13	6.1	0.8	3.1	0.8
Retirement benefit obligations	23	24.4	17.2	24.4	17.2
Deferred tax liabilities	25	21.3	22.6	21.3	22.6
Provisions	25	2.5	2.2	2.5	2.2
Other non-current payables	21	0.4	0.4	–	–
Total non-current liabilities		202.4	187.1	198.8	186.5
Net assets		281.7	277.2	256.2	250.0
Capital and reserves					
Share capital	27	22.8	22.8	22.8	22.8
Share premium account	27	4.8	4.8	4.8	4.8
Capital redemption reserve	27	3.1	3.1	3.1	3.1
Own shares	27	(13.5)	(9.7)	(13.5)	(9.7)
Hedging reserve	27	(2.4)	–	(2.4)	–
Retained earnings		270.0	256.2	241.4	229.0
Equity attributable to equity holders of the parent		284.8	277.2	256.2	250.0
Non-controlling interest		(3.1)	–	–	–
Total equity		281.7	277.2	256.2	250.0

Approved by the Board and signed on 4 June 2015



M J Turner, FCA
Chairman

Group and Company Statements of Changes in Equity

for the 52 weeks ended 28 March 2015

Group	Share capital (note 27) £m	Share premium account £m	Capital redemption reserve £m	Own shares (note 27) £m	Hedging reserve £m	Retained earnings £m	Total £m	Non- controlling interest (note 16) £m	Total equity £m
At 30 March 2013	22.8	4.8	3.1	(8.7)	(1.8)	239.2	259.4	–	259.4
Profit for the year	–	–	–	–	–	29.1	29.1	–	29.1
Other comprehensive income/(loss) for the year	–	–	–	–	1.8	(3.7)	(1.9)	–	(1.9)
Total comprehensive income/(loss) for the year	–	–	–	–	1.8	25.4	27.2	–	27.2
Shares purchased to be held in ESOT or as treasury	–	–	–	(5.3)	–	–	(5.3)	–	(5.3)
Shares released from ESOT and treasury	–	–	–	4.3	–	(2.9)	1.4	–	1.4
Dividends (note 9)	–	–	–	–	–	(7.9)	(7.9)	–	(7.9)
Share-based payment charges	–	–	–	–	–	1.8	1.8	–	1.8
Tax credited directly to equity (note 7)	–	–	–	–	–	0.6	0.6	–	0.6
Total transactions with owners	–	–	–	(1.0)	–	(8.4)	(9.4)	–	(9.4)
At 29 March 2014	22.8	4.8	3.1	(9.7)	–	256.2	277.2	–	277.2
Profit for the year	–	–	–	–	–	28.4	28.4	(0.1)	28.3
Other comprehensive loss	–	–	–	–	(2.4)	(6.6)	(9.0)	–	(9.0)
Total comprehensive income for the year	–	–	–	–	(2.4)	21.8	19.4	(0.1)	19.3
Shares purchased to be held in ESOT or as treasury	–	–	–	(7.1)	–	–	(7.1)	–	(7.1)
Shares released from ESOT and treasury	–	–	–	3.3	–	(2.3)	1.0	–	1.0
Dividends (note 9)	–	–	–	–	–	(8.7)	(8.7)	–	(8.7)
Share-based payment charges	–	–	–	–	–	2.6	2.6	–	2.6
Tax credited directly to equity (note 7)	–	–	–	–	–	0.4	0.4	–	0.4
Adjustments arising from change in non controlling interest (note 16)	–	–	–	–	–	–	–	(3.0)	(3.0)
Total transactions with owners	–	–	–	(3.8)	–	(8.0)	(11.8)	(3.0)	(14.8)
At 28 March 2015	22.8	4.8	3.1	(13.5)	(2.4)	270.0	284.8	(3.1)	281.7

Company Statements of Changes in Equity

for the 52 weeks ended 28 March 2015

Company	Share capital (note 27) £m	Share premium account £m	Capital redemption reserve £m	Own shares (note 27) £m	Hedging reserve £m	Retained earnings £m	Total £m
At 30 March 2013	22.8	4.8	3.1	(8.7)	(1.8)	214.7	234.9
Profit for the year	–	–	–	–	–	26.4	26.4
Other comprehensive income/(loss) for the year	–	–	–	–	1.8	(3.7)	(1.9)
Total comprehensive income/(loss) for the year	–	–	–	–	1.8	22.7	24.5
Shares purchased to be held in ESOT or as treasury	–	–	–	(5.3)	–	–	(5.3)
Shares released from ESOT and treasury	–	–	–	4.3	–	(2.9)	1.4
Dividends (note 9)	–	–	–	–	–	(7.9)	(7.9)
Share-based payment charges	–	–	–	–	–	1.8	1.8
Tax credited directly to equity	–	–	–	–	–	0.6	0.6
Total transactions with owners	–	–	–	(1.0)	–	(8.4)	(9.4)
At 29 March 2014	22.8	4.8	3.1	(9.7)	–	229.0	250.0
Profit for the year	–	–	–	–	–	27.0	27.0
Other comprehensive (loss)/income for the year	–	–	–	–	(2.4)	(6.6)	(9.0)
Total comprehensive income for the year	–	–	–	–	(2.4)	20.4	18.0
Shares purchased to be held in ESOT or as treasury	–	–	–	(7.1)	–	–	(7.1)
Shares released from ESOT and treasury	–	–	–	3.3	–	(2.3)	1.0
Dividends (note 9)	–	–	–	–	–	(8.7)	(8.7)
Share based payment charges	–	–	–	–	–	2.6	2.6
Tax credited directly to equity	–	–	–	–	–	0.4	0.4
Total transactions with owners	–	–	–	(3.8)	–	(8.0)	(11.8)
At 28 March 2015	22.8	4.8	3.1	(13.5)	(2.4)	241.4	256.2

Group and Company Cash Flow Statements

for the 52 weeks ended 28 March 2015

	Note	Group 52 weeks ended 28 March 2015 £m	Group 52 weeks ended 29 March 2014 £m	Company 52 weeks ended 28 March 2015 £m	Company 52 weeks ended 29 March 2014 £m
Profit before tax		36.1	33.5	34.2	30.0
Net finance costs before exceptional items		5.9	5.8	8.8	9.0
Exceptional items		0.3	0.6	0.3	0.6
Depreciation and amortisation		16.4	14.7	15.8	14.5
Gain on disposal of property, plant and equipment		–	(0.1)	–	(0.1)
		58.7	54.5	59.1	54.0
Difference between pension charge and cash paid		(0.7)	(0.5)	(0.7)	(0.5)
Share-based payment charges		2.6	1.8	2.6	1.8
Change in trade and other receivables		(0.6)	1.0	(0.4)	1.0
Change in inventories		–	(0.1)	–	(0.1)
Change in trade and other payables		1.7	2.8	0.9	2.8
Cash impact of operating exceptional items	5	(1.7)	(2.1)	(1.7)	(2.1)
Cash generated from operations		60.0	57.4	59.8	56.9
Tax paid		(8.3)	(8.0)	(8.3)	(8.0)
Cash generated from operating activities		51.7	49.4	51.5	48.9
Cash flow from investing activities					
Business combinations	17	(25.2)	(9.6)	(21.6)	(9.6)
Purchase of property, plant and equipment		(31.1)	(28.5)	(28.2)	(28.1)
Overdraft acquired on acquisition		(0.1)	(0.1)	–	–
Sale of property, plant and equipment		3.3	2.6	3.3	2.6
Net cash outflow from investing activities		(53.1)	(35.6)	(46.5)	(35.1)
Cash flow from financing activities					
Purchase of own shares	27	(7.1)	(5.3)	(7.1)	(5.3)
Receipts on release of own shares to option schemes		1.0	1.4	1.0	1.4
Interest paid		(5.2)	(5.2)	(5.2)	(5.2)
Preference dividends paid	9	(0.1)	(0.1)	(0.1)	(0.1)
Equity dividends paid	9	(8.7)	(7.9)	(8.7)	(7.9)
Drawdown of bank loans		24.5	3.4	24.5	3.4
Repayment of other loans		(0.5)	(0.3)	–	(0.3)
Loans to subsidiary companies		–	–	(7.2)	–
Cost of refinancing		(1.1)	–	(1.1)	–
Cost of new derivative instruments		(0.4)	–	(0.4)	–
Net cash outflow from financing activities		2.4	(14.0)	(4.3)	(14.0)
Net movement in cash and cash equivalents		1.0	(0.2)	0.7	(0.2)
Cash and cash equivalents at the start of the year	22	4.1	4.3	4.1	4.3
Cash and cash equivalents at the end of the year	22	5.1	4.1	4.8	4.1

Notes to the Financial Statements

I Authorisation of Financial Statements and Accounting Policies

Authorisation of Financial Statements and Statement of Compliance with IFRSs

The financial statements of Fuller Smith & Turner PLC and its subsidiaries (the 'Group') for the 52 weeks ended 28 March 2015 were authorised for issue by the Board of Directors on 5 June 2015 and the Balance Sheet was signed on the Board's behalf by M.J. Turner. Fuller Smith & Turner PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary A shares are traded on the London Stock Exchange.

The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted for use in the European Union and applied to the financial statements of the Group and the Company for the 52 weeks ended 28 March 2015 in accordance with the provisions of the Companies Act 2006.

The principal accounting policies adopted by the Group and by the Company are set out in the accounting policies below.

Profit attributable to members of the Parent Company

As permitted by Section 408 of the Companies Act 2006 a separate Income Statement for the Parent Company has not been prepared. The profit attributable to ordinary shareholders and included in the financial statements of the Parent Company was £270 million (2014: £26.4 million). There was no dividend from subsidiary companies during the current year (2014: £nil).

Significant Accounting Policies

Basis of Preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 weeks ended 28 March 2015.

The Group and Company financial statements are presented in Sterling and all values are shown in millions of pounds (£m) rounded to the nearest hundred thousand except when otherwise indicated.

The Directors have considered a number of cash flow scenarios and have determined that the Group has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future.

Adoption of New Standards and Interpretations

The following new and amended IFRS and IFRIC interpretations are effective for the Group's period commencing 30 March 2014:

• IAS 39 (June 2013) Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
• IAS 36 (May 2013) Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
• IFRIC 21 Levies	17 June 2014
• IFRS 10, IFRS 12 and IAS 27 (October 2012) Investment Entities	1 January 2014
• IAS 32 (December 2011) Offsetting Financial Assets and Financial Liabilities	1 January 2014
• IFRS 12 Disclosure of Interests in Other Entities	1 January 2014
• IFRS 11 Joint Arrangements	1 January 2014
• IFRS 10 Consolidated Financial Statements	1 January 2014
• IAS 28 (revised May 2011) Investments in Associates and Joint Ventures	1 January 2014
• IAS 27 (revised May 2011) Separate Financial Statements	1 January 2014

Basis of Consolidation

The Group financial statements consolidate the financial statements of Fuller Smith & Turner PLC and the entities it controls (its subsidiaries) drawn up for the 52 weeks ended 28 March 2015 (2014: 52 weeks ended 29 March 2014).

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights, currently exercisable or convertible potential voting rights, or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Payments made to acquire operating leases from third parties are classified as intangible assets and amortised over the expected life of the lease and recognised in the Income Statement.

Goodwill

Business combinations are accounted for under IFRS 3 using the purchase method. Any excess of the consideration of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the Balance Sheet as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the Income Statement.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. Any impairment of goodwill made cannot be reversed if circumstances subsequently change.

Any contingent considerations recognised on business combinations are measured at fair value using Level 3 valuation techniques.

1 Authorisation of Financial Statements and Accounting Policies *continued*

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units (or group of cash-generating units) monitored by management. Where the recoverable amount of the cash generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the Income Statement.

The carrying amount of goodwill allocated to a cash-generating unit is taken into account when determining the gain or loss on disposal of the unit or of an operation within it.

Property, Plant and Equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis down to the estimated residual value over the expected useful life of the asset as follows:

Freehold buildings – Hotel accommodation and offices	Up to 50 years
Freehold buildings – Licensed retail property, unlicensed property and brewery	50 to 100 years
Leasehold improvements	The term of the lease
Roofs	From 10 to 50 years
Plant, machinery and vehicles, containers, fixtures and fittings	From three years up to 25 years

As required under IAS 16 Property, Plant and Equipment, expected useful lives and residual values are reviewed every year. Land is not depreciated.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Balance Sheet and transferred to the Income Statement on a systematic basis over the useful economic life of the related assets.

Investment Property

The Group owns properties that are not used for the production of goods or services but are held for capital appreciation or rental purposes. These properties are classified as investment properties and their carrying values are based on cost. Depreciation is calculated on a straight-line basis down to the estimated residual value over the expected useful life of the asset, which for investment properties is 50 to 100 years.

Impairment

Carrying values are reviewed for impairment if events indicate that the carrying value of the asset may not be recoverable. If such an indicator exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. An asset's recoverable amount is the greater of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs. Impairment losses and any reversal of such losses are recognised in the Income Statement.

Leases

Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the Income Statement on a straight-line basis over the lease term.

Group as a lessor

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

Assets Held for Sale

Assets are classified as held for sale when the carrying amount will be recovered principally through a sale transaction rather than continuing use. To be classified as such, management need to have initiated a sales plan as at the Balance Sheet date and must expect the sale to qualify for recognition as a completed sale within one year. Assets held for sale are valued at the lower of the carrying amount and fair value less costs to sell. No depreciation is charged whilst assets are classified as held for sale.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the First In First Out method. The cost of own beer consists of materials with the addition of relevant overhead expenses. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements continued

I Authorisation of Financial Statements and Accounting Policies continued

Financial Instruments

Financial assets

Trade and other receivables

Trade receivables and loans to customers do not carry any interest and are recognised at their original invoiced amounts, less an allowance for any amounts that are not considered to be collectible. Increases to the allowance account are recognised in the Income Statement within operating costs. At the point a trade receivable is written off the ledger as uncollectible, the cost is charged against the allowance account and any subsequent recoveries of amounts previously written off are credited to the Income Statement.

Cash and short term deposits

Cash and short term deposits comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Derecognition

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired.

Financial liabilities

Trade and other payables

Trade and other payables do not bear interest and are carried at original cost.

Bank loans, overdrafts and debentures

Interest-bearing bank loans, overdrafts and debentures are initially recorded at the fair value of proceeds received, net of direct issue costs, and thereafter at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an effective interest rate basis in the Income Statement. Finance charges are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Derivative financial instruments and hedging

In order to hedge its exposure to certain foreign exchange transaction risks, the Group enters into forward foreign exchange contracts. In order to hedge its exposure to interest rate risks, the Group enters into interest rate derivative contracts. The Group uses these contracts in order to hedge known borrowings. The Group does not use any derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap and cap contracts are determined by reference to market values for similar instruments. This represents a Level 2 fair value under the hierarchy in IFRS 7.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective. For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Interest rate swaps are classified as cash flow hedges. If they are effective hedges, then any changes in fair value are deferred in equity until the hedged transaction occurs, when any changes in fair value will be recycled through the Income Statement together with any changes in the fair value of the hedged item. If the hedges are not effective hedges, then any changes in fair value are recognised in the Income Statement immediately.

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the Income Statement.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the Income Statement.

The put and call option for the remaining 49% of The Stable Pizza and Cider Limited is recognised as a derivative financial instrument measured using a Level 3 fair value valuation technique.

Classification of Shares as Debt or Equity

When shares are issued, any component that creates a financial liability of the Company or Group is presented as a liability in the Balance Sheet, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the Income Statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity net of transaction costs. The carrying amount of the equity component is not remeasured in subsequent years.

1 Authorisation of Financial Statements and Accounting Policies *continued*

The Group's ordinary shares are classified as equity instruments. For the purposes of the disclosures given in note 26, the Group considers its capital to comprise its ordinary share capital, share premium, capital redemption reserve, hedging reserve and accumulated retained earnings plus its preference shares which are classified as a financial liability in the Balance Sheet. There have been no changes to what the Group considers to be capital since the prior year.

Upon initial recognition, the fair value of the put and call option is recognised directly in equity within non-controlling interest. Subsequent remeasurement of the option is taken to the income statement.

Preference Shares

The Group's preference shares are reported under non-current liabilities. The corresponding dividends on preference shares are charged as interest in the Income Statement. Preference shares carry interest at fixed rates.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. It is measured at the fair value of consideration received or receivable, net of discounts and VAT.

Sales of goods are recognised when the goods are delivered and title has passed. Rental income is recognised on a straight line basis over the term of the lease. Revenue for bedroom accommodation is recognised at the point the services are rendered. Amusement machine revenue is recognised in the accounting period to which the income relates.

Operating Profit

Operating profit is revenue less operating costs. Revenue is as detailed above and as shown in note 3. Operating costs are all costs excluding finance costs, costs associated with the disposal of properties and the tax charge.

Finance Revenue

Finance revenue is recognised as interest accrues using the effective interest method.

Borrowing Costs

Borrowing costs are generally recognised as an expense when incurred. Interest expenses directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for use are capitalised as part of the cost of the assets being created. This is applied to development projects where the development is expected to last in excess of six months at the commencement of the project.

Taxation

The current tax payable is based on taxable profit for the year using UK tax rates enacted or substantively enacted at the Balance Sheet date and any adjustment to tax payable in respect of previous years. 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 or are never taxable or deductible.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise tax is recognised in the Statement of Comprehensive Income or the Income Statement, as applicable.

Deferred tax is provided on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except where the liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which they can be utilised except where the deferred tax asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the periods when the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions.

Monetary assets and liabilities are translated at the year end exchange rates and the resulting exchange differences are taken to the Income Statement, except where hedge accounting is applied.

Pensions and Other Post-Employment Benefits

Defined contribution schemes

Payments to defined contribution retirement benefit schemes are charged to the Income Statement as they fall due.

Notes to the Financial Statements continued

1 Authorisation of Financial Statements and Accounting Policies continued

Defined benefit schemes

The Group operated a defined benefit pension plan for eligible employees where contributions are made into a separate fund administered by trustees

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method calculated by qualified actuaries. This attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the Income Statement on a straight line basis over the vesting period or immediately if the benefits have vested.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in the Income Statement during the period in which the settlement or curtailment occurs.

The Group determines the net interest charge on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net pension liability/(asset) at the beginning of the period. The net interest charge is recognised immediately as an exceptional finance cost/(income) in the Income Statement. Actuarial gains and losses are recognised in full in the Statement of Comprehensive Income in the period in which they occur.

The defined benefit pension asset or liability in the Balance Sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds) less any past service cost not yet recognised and 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 restricted to the sum of any unrecognised past service costs and the present value of any amount the Group expects to recover by way of refunds from the plan or reductions in the future contributions.

Exceptional Items

The Group presents as exceptional items on the face of the Income Statement those material items of income and expense which, because of the nature or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

Share-Based Payments

The Group has an employee Share Incentive Plan that awards shares to employees based on the reported profits of the Group for the year and a Long Term Incentive Plan which awards shares to Directors and Senior Executives subject to specific performance criteria. The Group also issues equity-settled share-based payments to certain employees under approved and unapproved share option schemes and a Savings Related Share Option Scheme.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions. The Group has no equity-settled transactions that are linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest. At each Balance Sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous Balance Sheet date is recognised in the Income Statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Income Statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Income Statement.

Own Shares

Shares to be awarded under employee incentive plans and those that have been awarded but have yet to vest unconditionally are held at cost by an employee share ownership trust and shown as a deduction from equity in the Balance Sheet.

In addition to the purchase of shares by the various employee share ownership trusts for specific awards, the Group also from time to time acquires own shares to be held as treasury shares. These shares are occasionally but not exclusively used to satisfy awards under various share option schemes. Treasury shares are held at cost and shown as a deduction from total equity in the Balance Sheet.

Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to revenue reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of treasury shares.

Dividends

Dividends recommended by the Board but unpaid at the year end are not recognised in the financial statements until they are paid (in the case of the interim dividend) or approved by shareholders at the Annual General Meeting (in the case of the final dividend).

1 Authorisation of Financial Statements and Accounting Policies *continued*

Financial Guarantee Contracts

Where the Company enters into contracts to guarantee the indebtedness of other companies within the Group the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contracts as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Company's Investments in Subsidiaries

The Company recognises its investments in subsidiaries at cost. Income is recognised from these investments only in relation to distributions received from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of the investment.

New Standards and Interpretations Issued But Not Yet Applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date for periods starting on or after the date on which these financial statements start. The Directors do not anticipate that the adoption of any of these standards and interpretations wherever relevant to the Group will have a significant impact on the Group's results or assets and liabilities in the period of initial application and are not expected to require significant additional disclosure.

- Amendments to IAS 1 Presentation of Financial Statements regarding disclosure initiative
- Amendments to IAS 16 Property Plant and Equipment and IAS 38 Intangible Assets regarding clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 Property Plant and Equipment and IAS 41 Agriculture regarding bearer plants
- Amendments to IAS 19 Employee Benefits regarding defined benefit plans
- Amendments to IAS 27 Separate Financial Statements regarding the equity method
- Annual improvements to IFRS 2010-2012 cycle
- Annual improvements to IFRS 2011-2013 cycle
- Annual improvements to IFRS 2012-2014 cycle
- IFRS 9 Financial Instruments
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures regarding sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures regarding investment entities applying the consolidation exception
- Amendment to IFRS 11 Joint Arrangements on acquisition of an interest in a joint operation
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers

Significant Accounting Estimates and Judgements

The judgements, estimates and assumptions which are considered to be significant are as follows:

The Group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate. Full details are supplied in note 10 together with an analysis of the key assumptions.

The Group reviews for impairment all property plant and equipment at cash generating unit level where there is any indication of impairment. This requires an estimation of the value in use and involves estimation of future cash flows and choosing a suitable discount rate. See note 11 which describes the assumptions used together with an analysis of the key assumptions.

Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate. These have been determined on advice from the Group's qualified actuary. The estimates used and the key assumptions are provided in note 23.

Judgement is required when determining the provision for taxes as the tax treatment of some transactions cannot be finally determined until a formal resolution has been reached with the tax authorities. Tax benefits are not recognised unless it is probable that the benefit will be obtained. Tax provisions are made if it is possible that a liability will arise. The Group reviews each significant tax liability or benefit to assess the appropriate accounting treatment. See notes 7 and 25.

The assessment of fair values for the assets and liabilities recognised in the financial statements on the acquisition of a business and additional consideration and the date that control is obtained, require significant judgement. Management assesses fair values, particularly for property plant and equipment, with reference to current market prices. See note 17 for business combinations made in the year.

Notes to the Financial Statements continued

2 Segmental Analysis

Operating Segments

For management purposes the Groups operating segments are

- Managed Pubs and Hotels which comprises managed pubs and managed hotels
- Tenanted Inns which comprises pubs operated by third parties under tenancy or lease agreements and
- The Fuller's Beer Company which comprises the brewing and distribution of beer wines and spirits

The Groups business is vertically integrated. The most important measure used to evaluate the performance of the business is adjusted profit which is the profit before tax adjusted for exceptional items. The operating segments are organised and managed separately according to the nature of the products and services provided with each segment representing a strategic operating unit. More details of these segments are given in the Strategic Review on pages 8 to 31 of this report. Segment performance is evaluated based on operating profit before exceptional items and is measured consistently with the operating profit before exceptional items in the consolidated financial statements.

Transfer prices between operating segments are set on an arms length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between operating segments. Those transfers are eliminated on consolidation. Group financing including finance costs and revenue and taxation are managed on a Group basis.

As segment assets and liabilities are not regularly provided to the Chief Operating Decision Maker the Group has elected, as provided under IFRS 8 Operating Segments (amended), not to disclose a measure of segment assets and liabilities.

52 weeks ended 28 March 2015	Managed Pubs and Hotels £m	Tenanted Inns £m	The Fuller's Beer Company £m	Unallocated ¹ £m	Total £m
Revenue					
Segment revenue	213.8	31.4	122.9	–	368.1
Inter segment sales	–	–	(46.6)	–	(46.6)
Revenue from third parties	213.8	31.4	76.3	–	321.5
Segment result	25.0	12.6	8.7	(4.0)	42.3
Operating exceptional items					(1.5)
Operating profit					40.8
Profit on disposal of properties					0.8
Pension fund curtailment gain					1.2
Net finance costs					(6.7)
Profit before tax					36.1
Other segment information					
Capital expenditure: Property, plant and equipment	24.6	2.1	4.4	–	31.1
Business combinations (note 17)	22.7	2.5	–	–	25.2
Depreciation and amortisation	11.5	1.6	3.3	–	16.4
Impairment of property	0.4	0.3	–	–	0.7
Reversal of impairment on property	(0.6)	(0.1)	–	–	(0.7)

¹ Unallocated expenses represent primarily the salary and costs of central management.

2 Segmental Analysis continued

	Managed Pubs and Hotels £m	Tenanted Inns £m	The Fuller's Beer Company £m	Unallocated ¹ £m	Total £m
52 weeks ended 29 March 2014					
Revenue					
Segment revenue	186.0	31.3	115.8	–	333.1
Inter segment sales	–	–	(45.1)	–	(45.1)
Revenue from third parties	186.0	31.3	70.7	–	288.0
Segment result	22.5	12.3	8.5	(3.4)	39.9
Operating exceptional items					(1.9)
Operating profit					38.0
Profit on disposal of properties					1.9
Net finance costs					(6.4)
Profit before tax					33.5
Other segment information					
Capital expenditure: Property, plant and equipment	25.4	1.6	1.5	–	28.5
Business combinations (note 17)	4.9	2.2	4.2	–	11.3
Depreciation and amortisation	10.0	1.7	3.0	–	14.7
Impairment of property	0.9	0.9	–	–	1.8
Reversal of impairment on property	(0.3)	(1.0)	–	–	(1.3)

¹ Unallocated expenses represent primarily the salary and costs of central management

Geographical Information

The majority of the Group's business is within the UK and the Group identifies two distinct geographic markets

	UK £m	Rest of the World £m	Total £m
52 weeks ended 28 March 2015			
Revenue			
Sales to external customers	313.4	8.1	321.5
52 weeks ended 29 March 2014			
Revenue			
Sales to external customers	280.2	7.8	288.0

Sales to external customers disclosed in geographical information are based on the geographical location of the customer. All of the Group's assets, liabilities and capital expenditure relate to the UK only.

3 Revenue

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Revenue disclosed in the Income Statement is analysed as follows		
Sale of goods and services	311.9	278.4
Rental income	9.6	9.6
	321.5	288.0

Notes to the Financial Statements continued

4 Operating Costs

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Production costs and cost of goods used in retailing	105.7	97.5
Change in stocks of finished goods and beer in progress	–	0.5
Staff costs	83.0	72.9
Repairs and maintenance	9.8	9.2
Depreciation of property, plant and equipment	15.5	14.1
Amortisation of intangibles	0.9	0.6
Operating lease rentals – minimum lease payments ¹	7.8	7.5
– contingent rents ²	2.7	1.8
Exceptional items (note 5)	1.5	1.9
Other	53.8	44.0
	280.7	250.0

¹ Included within minimum lease payments are sublease payments of £0.6 million (2014: £0.6 million)

² Contingent rents are dependent on turnover levels

Details of income and direct expenses relating to rental income from investment properties are shown in note 12

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
a) Auditors' Remuneration		
Fees payable to Company's auditors		
– Statutory audit fees of Group financial statements	0.1	0.1
	0.1	0.1

Other audit related services comprising of a half year review and iXBRL tagging of £19,600 were incurred in the year

	£m	£m
b) Staff Costs¹		
Wages and salaries ²	75.6	66.2
Social security costs	5.4	4.9
Pension benefits	2.0	1.8
	83.0	72.9

¹ Includes Directors

² Includes share based payment expense

	Number	Number
c) Average Number of Employees³		
The average monthly number of persons employed by the Group (including part time staff) was as follows		
Fuller's Inns	3,717	3,269
The Fuller's Beer Company	328	328
Central Services	13	13
	4,058	3,610

³ Includes Directors

d) Directors' Emoluments

Full details are provided in the Directors' Remuneration Report and tables on pages 43 to 57

5 Exceptional Items

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Amounts included in operating profit		
Acquisition costs	(1 2)	(1 1)
Impairment of properties	(0 7)	(1 8)
Reversal of impairment on property	0 7	1 3
Onerous lease provision (charge)/release (note 25)	(0 3)	0 9
Reorganisation costs	–	(1 2)
Total exceptional items included in operating profit	(1 5)	(1 9)
Profit on disposal of properties	0 8	1 9
Pension fund curtailment gain	1 2	–
Exceptional finance costs		
Finance charge on net pension liabilities	(0 8)	(0 6)
Total exceptional finance costs	(0 8)	(0 6)
Total exceptional items before tax	(0 3)	(0 6)
Exceptional tax		
Change in corporation tax rate (see note 7)	–	3 4
Profit on disposal of properties	(0 2)	(0 3)
Pension fund curtailment gain	(0 2)	–
Other items	0 5	0 4
Total exceptional tax	0 1	3 5
Total exceptional items	(0 2)	2 9

Acquisition costs of £1 2 million during the 52 weeks ended 28 March 2015 (2014 £1 1 million) related to transaction costs on pub and business acquisitions which qualify as business combinations (see note 17)

The property impairment charge of £0 7 million during the 52 weeks ended 28 March 2015 (2014 £1 8 million) relates to the write down of licensed properties to their recoverable value. The reversal of impairment credit of £0 7 million during the 52 weeks ended 28 March 2015 (2014 £1 3 million) relates to the write back of previously impaired licensed properties to their recoverable value

The onerous lease provision charge of £0 3 million during the 52 weeks ended 28 March 2015 (2014 £0 9 million release) relates to the change in circumstances of three previously onerous leasehold properties

The reorganisation costs of £1 2 million for the 52 weeks ended 29 March 2014 were principally incurred within The Fullers Beer Company and relate to staff and the proposed closure of the defined benefit pension scheme to future accrual

The profit on disposal of properties of £0 8 million during the 52 weeks ended 28 March 2015 (2014 £1 9 million) relates to the disposal of four licensed properties (2014 five licensed and unlicensed properties)

The pension fund curtailment gain of £1 2 million for the 52 weeks ended 28 March 2015 relates to the closure in January 2015 of the defined benefit pension scheme to future accrual

The cash impact of operating exceptional items before tax for the 52 weeks ended 28 March 2015 was a £1 7 million cash outflow (2014 £2 1 million outflow)

Notes to the Financial Statements continued

6 Finance Costs

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Interest expense arising on		
Financial liabilities at amortised cost – loans and debentures	5.6	5.4
Financial liabilities at amortised cost – preference shares	0.1	0.1
Total interest expense for financial liabilities	5.7	5.5
Unwinding of discounts on provisions	0.2	0.3
Total finance costs before exceptional items	5.9	5.8
Finance charge on net pension liabilities (note 5)	0.8	0.6
Total interest expense	6.7	6.4

7 Taxation

a) Tax on Profit on Ordinary Activities

Group	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Tax charged in the Income Statement		
Current income tax		
Corporation tax	8.6	8.8
Amounts over provided in previous years	–	(0.3)
Total current income tax	8.6	8.5
Deferred tax		
Origination and reversal of temporary differences	(0.8)	(0.8)
Change in corporation tax rate (note 5)	–	(3.4)
Amounts underprovided in previous years	–	0.1
Total deferred tax	(0.8)	(4.1)
Total tax charged in the Income Statement	7.8	4.4

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Tax relating to items charged/(credited) to the Statement of Comprehensive Income		
Deferred tax		
Change in corporation tax rate	–	0.6
Net gains/(losses) on valuation of financial assets and liabilities	0.6	0.4
Net actuarial gains/(losses) on pension scheme	1.7	(0.8)
Tax charge included in the Statement of Comprehensive Income	2.3	0.2

7 Taxation *continued*

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Tax relating to items charged/credited directly to equity		
Deferred tax		
Reduction in deferred tax liability due to indexation	(0.3)	(0.3)
Share-based payments	0.1	0.1
Current tax		
Share-based payments	(0.2)	(0.4)
Tax credit included in the Statement of Changes in Equity	(0.4)	(0.6)

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Deferred tax in the Income Statement		
Decelerated tax depreciation	(0.8)	(2.9)
Rolled over capital gains	–	(1.0)
Retirement benefit obligations	0.1	0.1
Tax losses carried forward	–	–
Employee share schemes	(0.1)	(0.1)
Others	–	(0.2)
	(0.8)	(4.1)

The rate of UK corporation tax reduced from 21% to 20% from 1 April 2015. To the extent that this rate change will affect the amount of future cash tax payments to be made by the Group, this will reduce the size of both the Group's Balance Sheet deferred tax liability and deferred tax asset. In the 52 weeks to 29 March 2014, the reduction in the rate from 23% to 21% resulted in an exceptional credit to the Income Statement of £3.4 million, and a charge to the Statement of Comprehensive Income of £0.6 million.

b) Reconciliation of the Total Tax Charge

The tax expense in the Income Statement for the year is lower than the standard rate of corporation tax in UK of 21% (2014: 23%). The differences are reconciled below:

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Profit from continuing operations before taxation	36.1	33.5
Accounting profit multiplied by the UK standard rate of corporation tax of 21% (2014: 23%)	7.6	7.7
Items not deductible for tax purposes	0.1	0.1
Current and deferred tax overprovided in previous years	–	(0.2)
Change in corporation tax rate	–	(3.4)
Other	0.1	0.2
Total tax charged in the Income Statement	7.8	4.4

Notes to the Financial Statements continued

8 Earnings Per Share

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Profit attributable to equity shareholders	28.4	29.1
Exceptional items net of tax	0.2	(2.9)
Adjusted earnings attributable to equity shareholders	28.6	26.2
	Number	Number
Weighted average share capital	55,521,000	55,815,000
Dilutive outstanding options and share awards	804,000	812,000
Diluted weighted average share capital	56,325,000	56,627,000
40p 'A' and 'C' ordinary share	Pence	Pence
Basic earnings per share	51.15	52.14
Diluted earnings per share	50.42	51.39
Adjusted earnings per share	51.51	46.94
Diluted adjusted earnings per share	50.78	46.27
4p 'B' ordinary share	Pence	Pence
Basic earnings per share	5.12	5.21
Diluted earnings per share	5.04	5.14
Adjusted earnings per share	5.15	4.69
Diluted adjusted earnings per share	5.08	4.63

For the purposes of calculating the number of shares to be used above, B shares have been treated as one tenth of an A or C share. The earnings per share calculation is based on earnings from continuing operations and on the weighted average ordinary share capital which excludes shares held by trusts relating to employee share options and shares held in treasury of 1,463,761 (2014: 1,170,610).

Diluted earnings per share amounts are calculated using the same earnings figure as for basic earnings per share, divided by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Adjusted earnings per share are calculated on profit before tax excluding exceptional items and on the same weighted average ordinary share capital as for the basic and diluted earnings per share. An adjusted earnings per share measure has been included as the Directors consider that this measure better reflects the underlying earnings of the Group.

9 Dividends

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Declared and paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2014: 9.30p (2013: 8.35p)	5.2	4.7
Interim dividend for 2015: 6.40p (2014: 5.80p)	3.5	3.2
Equity dividends paid	8.7	7.9
Dividends on cumulative preference shares (note 6)	0.1	0.1
Proposed for approval at the Annual General Meeting		
Final dividend for 2015: 10.20p (2014: 9.30p)	5.6	5.2

The pence figures above are for the 40p A ordinary shares and 40p C ordinary shares. The 4p B shares carry dividend rights of one tenth of those applicable to the 40p A ordinary shares. Own shares held in the employee share trusts do not qualify for dividends as the trustees have waived their rights. Dividends are also not paid on own shares held as treasury shares.

10 Intangible Assets

	Group Goodwill £m	Group and Company lease assignment premiums £m	Distribution rights £m	Group Total £m	Company Total £m
Cost					
At 30 March 2013	24.5	7.0	–	31.5	7.0
Acquisitions (note 17)	2.6	1.1	1.2	4.9	2.3
At 29 March 2014	27.1	8.1	1.2	36.4	9.3
Acquisitions (note 17)	3.7	1.5	–	5.2	1.5
At 28 March 2015	30.8	9.6	1.2	41.6	10.8
Amortisation and impairment					
At 30 March 2013	0.6	0.8	–	1.4	0.8
Provided during the year	–	0.6	–	0.6	0.6
At 29 March 2014	0.6	1.4	–	2.0	1.4
Provided during the year	–	0.6	0.3	0.9	0.9
At 28 March 2015	0.6	2.0	0.3	2.9	2.3
Net book value at 28 March 2015	30.2	7.6	0.9	38.7	8.5
Net book value at 29 March 2014	26.5	6.7	1.2	34.4	7.9
Net book value at 30 March 2013	23.9	6.2	–	30.1	6.2

Lease Assignment Premiums

Amounts paid to acquire leasehold property (lease assignment premiums) are amortised on a straight-line basis over the remaining useful life of the lease. The amortisation is charged in the Income Statement in the line item 'Operating costs' (note 4).

There are five pubs on which we carry lease assignment premiums at 28 March 2015 (2014: four).

Distribution Right

Amounts paid to acquire the exclusive import and distributions rights to Sierra Nevada products within the UK. Details of the amounts paid are included in note 17. The amortisation is charged in the Income Statement in the line item 'Operating costs' (note 4).

Goodwill

Goodwill is allocated to cash-generating units as follows	2015 £m	2014 £m
Gales estate	22.7	22.7
Jacomb Guinness estate	1.2	1.2
Cornish Orchards	2.6	2.6
The Stable Pizza and Cider Limited	3.7	–
	30.2	26.5

Of the £22.7 million of goodwill relating to the Gales estate, £9.1 million relates to the Managed Pubs and Hotels division and £13.6 million relates to the Tenanted Inns division. All of the Jacomb Guinness goodwill relates to the Managed Pubs and Hotels division. All of the Cornish Orchards goodwill relates to The Fuller's Beer Company. All of the Stable Pizza and Cider Limited goodwill relates to the Managed Pubs and Hotels division.

Key assumptions used in value in use calculations

Long term growth rate – Managed	1.0%	2.0%
Long term growth rate – Tenanted	1.0%	1.5%
Long term growth rate – Cornish Orchards	2.0%	2.0%
Long term growth rate – Stable Pizza and Cider Limited	2.0%	–
Pre-tax discount rate – Freehold	6.0%	7.0%
Pre-tax discount rate – Leasehold	8.1%	9.6%
Pre-tax discount rate – Cornish Orchards	10.3%	10.3%
Pre-tax discount rate – Stable Pizza and Cider Limited	17.4%	–

Notes to the Financial Statements continued

10 Intangible Assets continued

Goodwill acquired through business combinations has been allocated for impairment testing on an estate and divisional cash generating unit level. This represents the lowest level within the Group at which goodwill is monitored for internal management purposes. Recoverable amount is based on a calculation of value in use based upon the budget for the forthcoming financial year approved by senior management. For the Gales and Jacobin Guinness Estate cash flows beyond the budget period are extrapolated in perpetuity on the assumption that the growth rate does not exceed the average long term growth rate for the relevant markets. For Cornish Orchards the cash flows beyond the budget period are based on a five-year plan that was approved by senior management and reflect the long term growth of the business following the significant investment and expansion strategy currently in place for the business. The pre-tax discount rate applied to cash flow projections is based on the Directors' assessment of the Group's weighted average cost of capital and current market conditions.

The calculation of value in use is most sensitive to the assumptions in respect of achievement of budgeted cash flows, growth rate and discount rate. The calculation of value in use is also dependent upon the following assumptions: sales volume, gross margin in managed premises, barrellage and rent projections in tenanted premises, wage cost in managed premises and capital expansion in Cornish Orchards. Gross margins are based on historical performance levels. All of the key assumptions above have their assigned values based on management knowledge and historical information.

Sensitivity to Changes in Assumptions

Management have considered reasonable changes in key assumptions used in their calculations of value in use. They have concluded that such changes will not result in an impairment to the Jacobin Guinness, Gales, Cornish Orchards or the Stable Pizza and Cider Limited cash generating units at 28 March 2015.

11 Property, Plant and Equipment

Group	Land & buildings £m	Plant, machinery & vehicles £m	Containers, fixtures & fittings £m	Total £m
Cost				
At 30 March 2013	390.8	33.5	113.4	537.7
Additions	15.5	1.5	12.9	29.9
Acquisitions (note 17)	5.9	1.1	–	7.0
Disposals	(1.7)	(0.3)	(5.6)	(7.6)
Transfer to assets held for sale	(1.4)	–	(0.2)	(1.6)
At 29 March 2014	409.1	35.8	120.5	565.4
Additions	11.2	2.7	18.6	32.5
Acquisitions (note 17)	19.7	–	1.8	21.5
Disposals	(1.2)	(0.7)	(12.2)	(14.1)
At 28 March 2015	438.8	37.8	128.7	605.3
Depreciation and impairment				
At 30 March 2013	24.7	20.9	77.3	122.9
Provided during the year	2.5	2.0	9.6	14.1
Impairment loss net of reversals	0.5	–	–	0.5
Transfer to assets held for sale	(0.3)	–	(0.1)	(0.4)
Disposals	(1.0)	(0.3)	(5.2)	(6.5)
At 29 March 2014	26.4	22.6	81.6	130.6
Provided during the year	2.8	2.0	10.7	15.5
Disposals	(0.3)	(0.6)	(11.8)	(12.7)
At 28 March 2015	28.9	24.0	80.5	133.4
Net book value at 28 March 2015	409.9	13.8	48.2	471.9
Net book value at 29 March 2014	382.7	13.2	38.9	434.8
Net book value at 30 March 2013	366.1	12.6	36.1	414.8

II Property, Plant and Equipment continued

Company	land & buildings £m	Plant, machinery & vehicles £m	Containers fixtures & fittings £m	Total £m
Cost				
At 30 March 2013	390.7	33.4	111.9	536.0
Additions	15.5	1.1	12.9	29.5
Acquisitions (note 17)	5.5	–	–	5.5
Disposals	(1.7)	(0.3)	(5.6)	(7.6)
Transfer to assets held for sale	(1.4)	–	(0.2)	(1.6)
At 29 March 2014	408.6	34.2	119.0	561.8
Additions	10.8	2.1	16.7	29.6
Acquisitions (note 17)	19.7	–	0.4	20.1
Disposals	(1.2)	(0.6)	(12.2)	(14.0)
At 28 March 2015	437.9	35.7	123.9	597.5
Depreciation and impairment				
At 30 March 2013	24.6	20.9	75.7	121.2
Provided during the year	2.4	1.9	9.6	13.9
Impairment loss net of reversal	0.5	–	–	0.5
Transfer to assets held for sale	(0.3)	–	(0.1)	(0.4)
Disposals	(1.0)	(0.3)	(5.2)	(6.5)
At 29 March 2014	26.2	22.5	80.0	128.7
Provided during the year	2.6	1.8	10.5	14.9
Disposals	(0.3)	(0.6)	(11.9)	(12.8)
At 28 March 2015	28.5	23.7	78.6	130.8
Net book value at 28 March 2015	409.4	12.0	45.3	466.7
Net book value at 29 March 2014	382.4	11.7	39.0	433.1
Net book value at 30 March 2013	366.1	12.5	36.2	414.8

Group and Company

Interest capitalised

The amount of interest capitalised to date is £194,000 (2014: £164,000). The amount of interest capitalised in the year was £30,000 (2014: £64,000) at a rate of 2%.

Assets under construction

Included in the cost of property, plant and equipment at 28 March 2015 are amounts of £0.4 million (2014: £17 million) relating to one (2014: three) property development in the course of construction.

Impairment

The Group considers each trading outlet to be a cash-generating unit (CGU) and each CGU is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use.

During the 52 weeks ended 28 March 2015, the Group recognised an impairment loss of £0.7 million (2014: £1.8 million) in respect of the write down of licensed properties purchased in recent years where their asset values exceeded either fair value less costs to sell or their value in use. The impairment losses were driven principally by changes in the local competitive environment in which the pubs are situated. Following an improvement in trading performance and an increase in the amounts of estimated future cash flows of certain previously impaired sites, reversals of £0.7 million were recognised during the 52 weeks ended 28 March 2015 (2014: £1.3 million).

The key assumptions used in the value in use calculations are those detailed in note 10.

Notes to the Financial Statements continued

11 Property, Plant and Equipment continued

Sensitivity to Changes in Assumptions

The value in use calculations are sensitive to the assumptions used. The Directors consider a movement of 1% in the discount rate and 0.5% in the growth rate to be reasonable with reference to current market yield curves and the current economic conditions. The impact is set out as follows:

Impact on impairment of asset at risk – increase/(decrease)	2015 £m	2014 £m
Increase discount rate by 1%	1.4	1.5
Decrease discount rate by 1%	(0.6)	(0.6)
Increase growth rate by 0.5%	(1.5)	(0.6)
Decrease growth rate by 0.5%	0.6	0.4

12 Investment Properties

	Group and Company Freehold and leasehold properties £m
Cost	
At 30 March 2013	5.0
Acquisitions (note 17)	0.5
At 29 March 2014	5.5
At 28 March 2015	5.5
Depreciation and impairment	
At 30 March 2013	0.8
At 29 March 2014	0.8
Provided during the year	0.1
At 28 March 2015	0.9
Net book value at 28 March 2015	4.6
Net book value at 29 March 2014	4.7
Net book value at 30 March 2013	4.2
Fair value at 28 March 2015	10.9
Fair value at 29 March 2014	10.7
Fair value at 30 March 2013	8.2

The fair value of investment properties has been estimated by the Directors based on the rental income earned on the properties during the year and average yields earned on comparable properties from publicly available information, which is a Level 3 fair value valuation technique. An independent valuation of the properties has not been performed.

12 Investment Properties continued

Impairment

The Group considers each trading outlet to be a CGU and each CGU is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

During the 52 weeks ended 28 March 2015, the Group did not impair any investment properties (2014: £nil).

Investment Property Income

The properties are let on both landlord and tenant repairing leases. Amounts recognised in the profit for the financial year relating to rental income from investment properties are as follows:

Group and Company	2015 £m	2014 £m
Rental income	0.5	0.5
Direct operating expenses	(0.2)	(0.3)

All direct operating expenses relate to properties that generate rental income.

13 Derivative Financial Instruments

Group and Company	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Interest rate swaps	0.3	0.8	0.3	0.8
Total financial assets within non-current assets	0.3	0.8	0.3	0.8
Stable share purchase option	(3.0)	–	–	–
Interest rate swaps	(2.9)	(0.8)	(2.9)	(0.8)
Foreign currency contracts	(0.2)	–	(0.2)	–
Total financial liabilities within non-current liabilities	(6.1)	(0.8)	(3.1)	(0.8)

Details of the interest rate swap and cap are provided in note 26 C(i).

14 Other Non-Current Assets

Group and Company	2015 £m	2014 £m
Loans to customers due after one year	0.3	0.4

15 Investments in Subsidiaries

	Cost £m	Provision £m	Net book value £m
Company			
At 30 March 2013	92.0	(0.2)	91.8
Additions	3.0	–	3.0
At 29 March 2014 and at 28 March 2015	95.0	(0.2)	94.8

Notes to the Financial Statements continued

15 Investments in Subsidiaries continued

Principal subsidiary undertakings	Holding	Proportion held	Nature of business
Griffin Catering Services Limited	£1 ordinary shares	100% (indirect)	Managed houses service company
Stable Pizza and Cider Limited	£0.01 ordinary shares	54%	Holding company
	£3.50 'B' ordinary shares	100%	
Stable Bar and Restaurant Limited	£1 ordinary shares	51% (indirect)	Restaurant ownership and management
Cornish Orchards Limited	£1 ordinary shares	100%	Production of cider and soft drinks
George Gale & Co. Limited	£1 ordinary shares	100%	Non trading subsidiary
	25p 'A' ordinary shares	100%	
	£10 preference shares	100%	
Jacomb Guinness Limited	£1 ordinary shares	100%	Non trading subsidiary
45 Woodfield Limited	£1 ordinary shares	100% (indirect)	Non trading subsidiary
Grand Canal Trading Limited	£1 ordinary shares	100% (indirect)	Non trading subsidiary

The above companies are registered and operate in England and Wales

16 Non-Controlling Interest

Set out below are the movements in the minority interest for the Stable Pizza and Cider Limited group in the year

	£m
At 29 March 2014	–
Share of loss	(0.1)
Adjustments arising from change in non controlling interest	(3.0)
At 28 March 2015	(3.1)

The adjustment relates to the initial recognition of The Stable Pizza and Cider Limited put and call option which fully vests in two to five years

17 Business Combinations

During the 52 weeks ended 28 March 2015 the Company has individually acquired seven new pubs for a combined consideration of £21.6 million all of which have been treated as business combinations as they were operating as a business at the point the Company acquired them

On 9 June 2014 the Company purchased a 51% holding in the Stable Pizza and Cider Limited which is a casual dining restaurant specialising in pizzas and cider. The business was purchased as it complements the Groups current business whilst diversifying the business and increasing the geographic footprint

	2015			2014	
	Stable Pizza and Cider Limited	Pubs	Cornish Orchards	Sierra Nevada distribution rights	Pubs
Number of pubs purchased		7			3
Provisional fair value	£m	£m	£m	£m	£m
Property, plant and equipment	1.4	20.1	1.5	–	5.5
Investment properties	–	–	–	–	0.5
Intangible assets	–	1.5	–	1.2	1.1
Current assets	0.3	–	0.7	–	–
Net debt	(0.6)	–	(0.5)	–	–
Deferred revenue, trade and other payables	(1.2)	–	(1.3)	–	–
Goodwill	3.7	–	2.6	–	–
Consideration	3.6	21.6	3.0	1.2	7.1
Satisfied by					
Cash	3.6	21.6	2.1	0.4	7.1
Contingent consideration	–	–	0.9	0.8	–
Total	3.6	21.6	3.0	1.2	7.1

17 Business Combinations *continued*

Goodwill recognised on acquisition of Stable Pizza and Cider Limited reflects the future growth of the company

Costs associated with the acquisitions of £1.2 million have been charged to operating exceptional items in the Consolidated Income Statement for the 52 weeks ended 28 March 2015. These comprised primarily stamp duty legal and other property fees (note 5).

The acquisitions have contributed the following operating profit to the Group in the 52 weeks ended 28 March 2015 from the date of acquisition:

	2015			2014	
	Stable Pizza and Cider Limited £m	Pubs £m	Cornish Orchards £m	Sierra Nevada distribution rights £m	Pubs £m
Operating (loss)/profit	(0.4)	0.8	0.1	–	0.1

It is not practical to identify the related cash flows, revenue and profit on an annualised basis as the months for which the businesses have been owned are not representative of the annualised figures. The pre-acquisition trading results are not indicative of the trading expected going forwards following the significant redevelopment of the pubs and capital investment in Stable Pizza and Cider Limited by the Group; therefore pro forma trading results have not been included.

18 Inventories

Group and Company	2015 £m	2014 £m
Raw materials, beer and cider in progress	1.7	1.5
Beer, wines and spirits	5.7	6.4
Stock at retail outlets	3.2	2.7
	10.6	10.6

The difference between purchase price or production cost and their replacement cost is not material.

19 Trade and Other Receivables

Group and Company	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Trade receivables	12.6	12.6	12.5	12.6
Amounts due from subsidiary undertakings	–	–	9.0	–
Other receivables	1.6	1.3	1.6	1.3
Prepayments and accrued income	3.5	4.4	3.3	4.4
	17.7	18.3	26.4	18.3

Company amounts owed by subsidiary undertakings of £8.8 million (2014: £nil million) have no fixed repayment date. Interest is payable on the balance at the higher of the Bank of England base rate plus 4% or 8%.

The trade receivables balance above is shown net of the provision for bad debts. As a general rule, the Group provides fully against all trade receivables which are over six months overdue. In addition to this, there are individual specific provisions against balances which are considered by management to be at risk of default.

The movements on this bad debt provision during the year are summarised below:

Group and Company	2015 £m	2014 £m
Trade receivables provision at 29 March 2014	1.5	1.4
Increase in provision recognised in profit and loss	0.1	0.1
Amounts written off during the year	(0.2)	–
Trade receivables provision at 28 March 2015	1.4	1.5

Notes to the Financial Statements continued

19 Trade and Other Receivables continued

The provision for trade receivables is recorded in the accounts separately from the gross receivable. The contractual ageing of the trade receivables balance is as follows

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Current	13.4	13.2	13.3	13.2
Overdue up to 30 days	0.2	0.2	0.2	0.2
Overdue between 30 and 60 days	0.1	0.1	0.1	0.1
Overdue more than 60 days	0.3	0.6	0.3	0.6
Trade receivables before provision	14.0	14.1	13.9	14.1
less provision	(1.4)	(1.5)	(1.4)	(1.5)
Trade receivables net of provision	12.6	12.6	12.5	12.6

Included in the Group's trade receivables balance are trade receivables with a carrying value of £0.3 million (2014: £0.3 million) which are overdue at the Balance Sheet date for which the Group has not provided as the Group considers these amounts to be recoverable.

In addition, there are loans to customers included in other receivables of £0.3 million (2014: £0.3 million) due within one year and £0.4 million (2014: £0.6 million) due in more than one year against which there is a provision of £0.3 million (2014: £0.3 million).

20 Assets Classified as Held For Sale

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Investment property	–	–	–	–
Property, plant and equipment	–	1.2	–	1.2
	–	1.2	–	1.2

The movements in assets classified as held for sale during the year are summarised below

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Assets held for sale at the start of the year	1.2	0.6	1.2	0.6
Assets disposed during the year	(1.2)	(0.6)	(1.2)	(0.6)
Transfer from property, plant and equipment	–	1.2	–	1.2
Assets held for sale at the end of the year	–	1.2	–	1.2

21 Trade and Other Payables

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Due within one year				
Trade payables	19.4	18.0	18.9	18.0
Amounts due to subsidiary undertakings	–	–	97.6	94.5
Other tax and social security	9.1	8.4	9.1	8.4
Other payables	9.2	8.2	9.1	8.2
Accruals	11.5	11.5	11.2	11.3
	49.2	46.1	145.9	140.4

Company amounts due to subsidiary undertakings of £97.5 million (2014: £94.5 million) have no fixed repayment date. Interest is payable on the balance at 3% above the Bank of England base rate. All other significant trade and other receivables and trade and other payables balances are due within one year and are at nil rate of interest.

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Due in more than one year				
Deferred revenue	0.4	0.4	–	–

Deferred revenue relates to government grants received for the purchase and construction of plant, property and equipment by Cornish Orchards Limited. There are no unfulfilled conditions and contingencies attached to these amounts.

22 Cash, Borrowings and Net Debt

Cash and Short Term Deposits

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Cash at bank and in hand	5.1	4.1	4.8	4.1

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and in hand as above. Cash at bank earns interest at floating rates.

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Borrowings				
Bank loans	140.0	116.2	140.0	116.2
Other loans	0.2	0.2	–	–
Debenture stock	25.9	25.9	25.9	25.9
Preference shares	1.6	1.6	1.6	1.6
Total borrowings	167.7	143.9	167.5	143.7

Analysed as				
Borrowings within current liabilities	20.0	–	20.0	–
Borrowings within non-current liabilities	147.7	143.9	147.5	143.7
	167.7	143.9	167.5	143.7

All borrowings at both year ends are denominated in Sterling and where appropriate are stated net of issue costs. Further information on borrowings is given in note 26.

Notes to the Financial Statements continued

22 Cash, Borrowings and Net Debt continued

Bank Loans

Group and Company

On 19 August 2014 the Company entered into £160.0 million of new bank facilities to replace its existing facilities. The new facilities were drawn down and the existing facilities repaid in August 2014. The new facilities have a five year fixed term expiring in August 2019 and have no amortisation requirements. At 28 March 2015 £39.0 million (2014: £33.5 million) of the total of £160.0 million (2014: £150.0 million) committed bank loan facility was available and undrawn.

On 19 August the Company entered into a £20.0 million facility with a one-year fixed term expiring in August 2015. At 28 March 2015 the facility was fully drawn.

The bank loans at 28 March 2015 are unsecured and are repayable as shown in the table below. Interest is payable at LIBOR plus a margin which varies dependent on the ratio of net debt to EBITDA. The variable rate interest payments under the loans have been partially swapped for fixed interest payments and a proportion of the remaining variable interest payments have also been capped. Details of the swap and cap arrangements are given in note 26.

The bank loans are repayable as follows	2015 £m	2014 £m
On demand or within one year	20.0	–
Current liabilities	20.0	–
In the first to second years inclusive	–	116.5
In the third to fifth year inclusive	121.0	–
Less: bank loan arrangement fees	(1.0)	(0.3)
Non-current liabilities	120.0	116.2

Debenture Stock

Group and Company

The debenture stocks are secured on specified fixed and floating assets of the Company and are redeemable on maturity.

Debenture stock repayable after five years	2015 £m	2014 £m
10.70% 1st Mortgage Debenture Stock 2023	6.0	6.0
6.875% Debenture Stock 2028 (1st floating charge)	20.0	20.0
Less: discount on issue	(0.1)	(0.1)
Non-current liabilities	25.9	25.9

Preference Shares

The Company's preference shares are classified as debt. The shares are not redeemable and are included in borrowings within non-current liabilities. See note 24 for further details of the preference shares.

Analysis of Net Debt

Group	At 29 March 2014 £m	Cash flows £m	Non-cash ¹ £m	At 28 March 2015 £m
Cash and cash equivalents				
Cash and short term deposits	4.1	1.0	–	5.1
	4.1	1.0	–	5.1
Debt				
Bank loans	(116.2)	(23.4)	(0.4)	(140.0)
Other loans	(0.2)	0.5	(0.5)	(0.2)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
	(143.9)	(22.9)	(0.9)	(167.7)
Net debt	(139.8)	(21.9)	(0.9)	(162.6)

¹ Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued and the acquisition of The Stable Pizza and Cider Limited during the year.

22 Cash, Borrowings and Net Debt continued

Group	At 30 March 2013 £m	Cash flows £m	Non-cash ¹ £m	At 29 March 2014 £m
Cash and cash equivalents				
Cash and short term deposits	4.3	(0.2)	–	4.1
	4.3	(0.2)	–	4.1
Debt				
Bank loans	(112.5)	(3.4)	(0.3)	(116.2)
Other loans	–	0.3	(0.5)	(0.2)
Debenture stock	(25.8)	–	(0.1)	(25.9)
Preference shares	(1.6)	–	–	(1.6)
	(139.9)	(3.1)	(0.9)	(143.9)
Net debt	(135.6)	(3.3)	(0.9)	(139.8)

¹ Non cash movements relate to the amortisation of arrangement fees, arrangement fees accrued and the acquisition of Cornish Orchards Limited.

The Company net debt is as above excluding Other Loans and cash of £0.3 million (2014: £nil) which are held by subsidiary companies. Company net debt as at 31 March 2015 was £162.7 million (2014: £139.6 million).

23 Pensions

a) Retirement Benefit Plans – Group and Company

The Group operates one funded defined benefit pension scheme: the Fuller Smith & Turner Pension Plan (the 'Scheme'). The plan is defined benefit in nature with assets held in separate professionally managed, trustee-administered funds. The Scheme is an HM Revenue & Customs registered pension plan and subject to standard United Kingdom pension and tax law. On 1 January 2015 the plan was closed to future accrual resulting in a curtailment gain of £1.2 million.

The Group also operates three defined contribution stakeholder pension plans for its employees. The Fullers Stakeholder Pension Plan was set up for new employees of the Parent Company after the closure of the Fuller Smith & Turner Pension Plan to new entrants on 1 August 2005. The Griffin Stakeholder Pension Plan operates for those employees of a Group subsidiary. The Gales 2001 scheme was set up following the closure of the Gales defined benefit scheme in 2001. The Group offers workplace pensions to all employees who are not members of the three defined contribution stakeholder pension plans. The Group offers these pensions through the National Employment Savings Trust ('NEST').

The Group also pays benefits to a number of former employees which are unfunded. The Directors consider these benefits to be defined benefit in nature and the full defined benefit liability is recognised on the Balance Sheet.

Group and Company	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Total amounts charged in respect of pensions in the period		
Charged to income statement		
Defined benefit scheme – operating profit	1.2	1.5
Defined benefit scheme – exceptional items	(1.2)	–
Defined benefit scheme – net finance charge	0.8	0.6
Defined contribution schemes – total operating charge	0.8	0.3
	1.6	2.4
Charge/(credit) to equity		
Defined benefit schemes – net actuarial losses	8.3	4.1
Total pension charge	9.9	6.5

Notes to the Financial Statements continued

23 Pensions continued

b) Defined Contribution Stakeholder Pension Plans – Group and Company

The total cost charged to income in respect of the defined contribution stakeholder schemes is shown above

c) Defined Benefit Plans – Group and Company

The Scheme provides pensions and lump sums to members on retirement and to their dependants upon death

Trustees are appointed by both the Company and the Scheme's membership and act in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustees are also responsible for the investment of the Scheme's assets

The Company pays the costs as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates

Responsibility for making good any deficit on the Scheme lies with the Company and this introduces a number of risks for the Company. The major risks are

- Interest and investment risk – The value of the Scheme's assets are subject to volatility in equity prices. The Scheme has diversified its investments to reduce the impact of volatility and variable interest return rates
- Inflation risk – The defined benefit obligation is linked to inflation so higher rates would result in a higher defined benefit obligation
- Longevity risk – An increase over the assumptions applied will increase the defined benefit obligation

The Company and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal controls policies

The Scheme is subject to regular actuarial valuations which are usually carried out every three years. The next actuarial valuation is due to be carried out on 30 July 2016. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence

A formal actuarial valuation was carried out as at 30 July 2013. The results of that valuation have been projected to 28 March 2015 by a qualified independent actuary. The figures in the following disclosures were measured using the Projected Unit Method

The Scheme has not invested in any of the Group's own financial instruments nor in properties or other assets in use by the Group

Key assumptions

The key assumptions used in the 2015 valuation of the Scheme are set out below

Mortality assumptions	2015 Years	2014 Years
Current pensioners (at 65) – males	22.2	22.1
Current pensioners (at 65) – females	24.4	24.3
Future pensioners (at 65) – males	23.5	23.5
Future pensioners (at 65) – females	25.9	25.8

The Scheme is now closed to future accrual. The average age of members who were active at closure is 54 for males and 49 for females. The average age of all non-pensioners is 55

Key financial assumptions used in the valuation of the Scheme	2015	2014
Rate of increase in salaries	2.50%	3.10%
Rate of increase in pensions in payment	3.00%	3.30%
Discount rate	3.25%	4.45%
Inflation assumption – RPI	3.00%	3.30%
Inflation assumption – CPI	2.00%	2.60%

The present value of the Scheme liabilities is sensitive to the assumptions used as follows

Impact on Scheme liabilities – increase/(decrease)	2015 £m	2014 £m
Increase rate of salaries by 0.5%	n/a ¹	1.6
Increase rate of pensions in payment by 0.5%	6.4	5.2
Increase discount rate by 1.0%	(20.0)	(16.5)
Increase inflation assumption by 0.5%	3.8 ²	1.5
Increase life expectancies by 1 year	5.3	3.9

¹ Due to the Scheme closing to future accrual on 1 January 2015, there are no longer any active members in the Scheme. As the members who were active at closure did not maintain a salary link on their past service benefits, the future salary increase assumptions no longer has an impact on the Scheme's liabilities

² For members who were active at closure, their pensions now increase in deferment in line with CPI inflation. This has had an impact on the inflation sensitivity increasing it significantly compared to the sensitivity quoted for the 29 March 2014 figures as it now affects more members

23 Pensions *continued*

	28 March 2015 £m	29 March 2014 £m
Assets in the Schemes		
Corporate bonds	20.7	17.8
UK equities	37.0	34.3
Overseas equities	13.2	11.1
Absolute return fund	29.5	27.9
Property	0.9	0.7
Cash	0.9	0.6
Annuities	1.3	1.2
Total market value of assets	103.5	93.6
	2015 £m	2014 £m
Fair value of Scheme assets	103.5	93.6
Present value of Scheme liabilities	(127.9)	(110.8)
Deficit in the Scheme	(24.4)	(17.2)

Included within the total present value of Group and Company Scheme liabilities of £127.9 million (2014: £110.8 million) are liabilities of £3.1 million (2014: £2.9 million) which are entirely unfunded

	Defined benefit obligation		Fair Scheme of plan assets		Net defined benefit (deficit)	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Balance at beginning of the year	(110.8)	(101.9)	93.6	88.9	(17.2)	(13.0)
Included in profit and loss						
Current service cost	(1.1)	(1.5)	–	–	(1.1)	(1.5)
Curtailment gain	1.2	–	–	–	1.2	–
Net interest cost	(4.9)	(4.7)	4.1	4.1	(0.8)	(0.6)
	(4.8)	(6.2)	4.1	4.1	(0.7)	(2.1)
Included in Other Comprehensive Income						
Actuarial gains/(losses) relating to						
Actual return less expected return on Scheme assets	–	–	8.0	1.9	8.0	1.9
Experience gains arising on Scheme liabilities	(16.3)	0.5	–	–	(16.3)	0.5
Losses arising on changes in demographic assumptions	–	(6.5)	–	–	–	(6.5)
	(16.3)	(6.0)	8.0	1.9	(8.3)	(4.1)
Other						
Employer contributions	–	–	1.0	1.3	1.0	1.3
Employer special contributions	–	–	0.8	0.7	0.8	0.7
Employee contributions	(0.3)	(0.4)	0.3	0.4	–	–
Benefits paid	4.3	3.7	(4.3)	(3.7)	–	–
	4.0	3.3	(2.2)	(1.3)	1.8	2.0
Balance at end of the year	(127.9)	(110.8)	103.5	93.6	(24.4)	(17.2)

The weighted average duration of the Scheme's liabilities at the end of the period is 20 years (2014: 20 years)

The total contributions to the Scheme in the next financial year are expected to be £1.1 million for the Group and the Company. These payments are to be made as part of a deficit recovery plan in place until March 2021 as agreed between the Trustees and the Group.

Notes to the Financial Statements continued

24 Preference Share Capital

Group and Company	First 6% cumulative preference share of £1 each	Second 8% cumulative preference share of £1 each	Total
	Number 000's	Number 000's	Number 000's
Authorised, issued and fully paid share capital			
Number authorised and in issue			
At 30 March 2013, 29 March 2014 and 28 March 2015	400	1,200	1,600
Monetary amount	£m	£m	£m
At 30 March 2013, 29 March 2014 and 28 March 2015	0.4	1.2	1.6

The first 6% cumulative preference shares of £1 each are entitled to first payment of a fixed cumulative dividend and on winding up to a return of paid capital plus arrears of dividends. The second 8% cumulative preference shares of £1 each are entitled to second payment of a fixed cumulative dividend and on winding up a return of capital paid up (plus a premium calculated by reference to an average quoted price on the Stock Exchange for the previous six months) plus arrears of dividends.

Preference shareholders may only vote in limited circumstances principally on winding up, alteration of class rights or on unpaid preference dividends. Preference shares cannot be redeemed by the holders other than on winding up.

25 Provisions

a) Onerous Lease and Contingent Consideration

Group and Company	Onerous lease		Contingent consideration		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
At 29 March 2014	1.7	2.8	1.7	-	3.4	2.8
Arising during the year	0.3	-	-	1.7	0.3	1.7
Released during the year	-	(0.9)	-	-	-	(0.9)
Utilised	(1.0)	(0.4)	-	-	(1.0)	(0.4)
Unwinding of discount	0.1	0.2	0.1	-	0.2	0.2
At 28 March 2015	1.1	1.7	1.8	1.7	2.9	3.4
Analysed as	£m	£m	£m	£m	£m	£m
Due within one year	0.2	0.9	0.2	0.3	0.4	1.2
Due in more than one year	0.9	0.8	1.6	1.4	2.5	2.2
	1.1	1.7	1.8	1.7	2.9	3.4

The onerous lease provision is recognised in respect of leasehold properties where the lease contracts are deemed to be onerous. Provision is made for the discounted value of the lower of the unavoidable lease costs and the losses expected to be incurred by the Group.

The contingent consideration is recognised in respect of the fair value of additional amounts which are only payable on completion of certain performance targets for business combinations.

25 PROVISIONS continued

b) Deferred Tax Provision

The deferred tax included in the Balance Sheet is as follows

Group	Asset 2015 £m	Liability 2015 £m	Net 2015 £m	Asset 2014 £m	Liability 2014 £m	Net 2014 £m
Deferred tax						
Retirement benefit obligations	4.9	–	4.9	3.4	–	3.4
Tax losses carried forward	0.4	–	0.4	0.6	–	0.6
Employee share schemes	1.0	–	1.0	0.8	–	0.8
Financial (liabilities)/assets	0.6	–	0.6	0.1	(0.2)	(0.1)
Accelerated tax depreciation	–	(12.4)	(12.4)	–	(13.2)	(13.2)
Rolled over capital gains	–	(8.9)	(8.9)	–	(9.2)	(9.2)
Others	1.5	–	1.5	1.3	–	1.3
	8.4	(21.3)	(12.9)	6.2	(22.6)	(16.4)

The deferred tax included in the Company Balance Sheet is the same as the Group with the following exceptions

Company	Asset 2015 £m	Liability 2015 £m	Net 2015 £m	Asset 2014 £m	Liability 2014 £m	Net 2014 £m
Deferred tax						
Tax losses carried forward	0.2	–	0.2	0.5	–	0.5
Total deferred tax asset/(liability)	8.2	(21.3)	(13.1)	6.1	(22.6)	(16.5)

26 Financial Instruments

Details of the Groups Treasury function are included in the Financial Reviews discussion of financial risks and treasury policies on page 20

The accounting treatment of the Groups financial instruments is detailed in note 1

a) Capital Management – Group and Company

As described in note 1 the Group considers its capital to comprise the following

Capital	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Ordinary share capital	22.8	22.8	22.8	22.8
Share premium	4.8	4.8	4.8	4.8
Capital redemption reserve	3.1	3.1	3.1	3.1
Hedging reserve	(2.4)	–	(2.4)	–
Retained earnings	270.0	256.2	241.4	229.0
Preference shares	1.6	1.6	1.6	1.6
	299.9	288.5	269.7	269.7

In managing its capital the primary objective is to ensure that the Group is able to continue to operate as a going concern and to maximise return to shareholders through a combination of capital growth distributions and the payment of preference dividends to its preference shareholders. The Group seeks to maintain a ratio of debt and equity that balances risks and returns at an acceptable level and maintains sufficient funds to meet working capital targets, investment requirements and comply with lending covenants. The Group bought back £71 million of shares in the 52 weeks ended 28 March 2015 (2014: £5.3 million) of which £0.9 million related to purchases made by or on behalf of employee share ownership trusts (2014: £1.1 million). As a minimum, the Board reviews the Groups dividend policy twice yearly and reviews the treasury position at every Board meeting.

Notes to the Financial Statements continued

26 Financial Instruments continued

b) Categories of Financial Assets and Liabilities

The Groups financial assets and liabilities as recognised at the Balance Sheet date may also be categorised as follows

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Non-current assets				
Derivative financial assets hedge accounted	0.3	0.8	0.3	0.8
Loans and other receivables in scope of IAS 39	0.3	0.4	0.3	0.4
Total non-current assets	0.6	1.2	0.6	1.2
Current assets				
Loans and other receivables				
Trade and other receivables in scope of IAS 39	12.8	12.8	21.5	12.8
Cash and short term deposits	5.1	4.1	4.8	4.1
Total current assets	17.9	16.9	26.3	16.9
Total financial assets	18.5	18.1	26.9	18.1
Current liabilities				
Trade and other payables in scope of IAS 39	31.3	30.7	128.0	125.0
Total carried at amortised cost	31.3	30.7	128.0	125.0
Total current liabilities	31.3	30.7	128.0	125.0
Non-current liabilities				
Derivative financial liabilities hedge accounted	3.1	0.8	3.1	0.8
Put and call option	3.0	–	–	–
Carried at amortised cost				
Other payables in scope of IAS 39	0.9	0.8	0.9	0.8
Loans and debenture stock	146.1	142.3	145.9	142.1
Preference shares	1.6	1.6	1.6	1.6
Total carried at amortised cost	148.6	144.7	148.4	144.5
Total non-current liabilities	154.7	145.5	151.5	145.3
Total financial liabilities	186.0	176.2	279.5	270.3

There is no set off of financial assets and liabilities as shown above

c) Financial Risks – Group And Company

The main risks associated with the Groups financial assets and liabilities are set out below as are the Groups policies for their management. Derivative instruments are used to change the economic characteristics of financial instruments in accordance with Group policy.

(i) Interest Rate Risk

The Group manages its cost of borrowings using a mixture of fixed rates, variable rates and interest rate caps. The current Group policy is that a minimum of 50% of total outstanding borrowings should be at a fixed or capped rate of interest. This is achieved by both taking out interest rate swaps and caps with third parties and by loan instruments that require the Group to pay a fixed rate. Fixed rates do not expose the Group to cash flow interest rate risk, but do not enjoy a reduction in borrowing costs in markets where rates are falling. Interest rate caps limit the maximum rate payable but require payment of a lump sum premium. The fair value risk inherent in fixed rate borrowings means that the Group is exposed to unplanned costs if debt is paid off earlier than anticipated. Floating rate borrowings, although not exposed to changes in fair value, expose the Group to cash flow risk following rises in interest rates and cost.

The debentures totalling £25.9 million (2014: £25.9 million) are at fixed rates. The bank loans totalling £141.0 million (2014: £116.2 million) net of arrangement fees are at floating rates. At the year end, after taking account of interest rate swaps and caps, 75% (2014: 73%) of the Groups bank loans and 79% (2014: 78%) of gross borrowings were at fixed or capped rates.

Interest rate swaps

The Group has entered into interest rate swap agreements where the Group pays a fixed rate and receives 1 month or 3 month LIBOR, in order to hedge the risk of variation in interest cash flows on its borrowings. At the Balance Sheet date £65.0 million of the Group and Company's borrowings (2014: £65.0 million) were hedged by interest rate swaps at a blended fixed rate of 1.75% (2014: 1.75%). Of the swaps active at 28 March 2015, £40.0 million expire in 2015 and £25.0 million expire in 2017. Additionally, the Group has entered into interest rate swap arrangements with forward start dates. In December 2012, the Group entered into an interest rate swap agreement to hedge the risk of interest rate variation on £20.0 million of the Groups borrowings at a rate of 2.25% commencing in 2015 and expiring in 2022. In July 2013, the Group also entered into an interest rate swap agreement to hedge the risk of interest rate variation on a further £20.0 million of the Groups borrowings at a rate of 2.55% commencing in 2015 and expiring in 2020.

26 Financial Instruments continued

Interest rate cap

The Group has entered into interest rate cap agreements in order to hedge the risk of variation in interest cash flows on its borrowings. At the Balance Sheet date £20.0 million (2014: £20.0 million) of the Group and Company's borrowings were hedged by an interest rate cap at a fixed rate of 4.00% (2014: 4.00%). The cap expires in 2015. A further £20.0 million of the Group and Company's borrowing were hedged by an interest cap at a fixed rate of 2.1% commencing in 2015 and expiring in 2020.

The interest rate swaps and cap are expected to impact the Income Statement in line with the liquidity risk table shown in section (iv) below. The interest rate swap cash flow hedges were assessed as being highly effective at 28 March 2015 and a net unrealised gain of £3.0 million (2014: £2.4 million loss) has been recorded in Other Comprehensive Income. The interest rate cap cash flow hedge is not designated as a cash flow hedge for hedge accounting purposes and no net unrealised gain/loss (2014: £nil) was recorded in the Income Statement.

Sensitivity – Group and Company

The Group borrows in Sterling at market rates. 3 month Sterling LIBOR rate during the 52 weeks ended 28 March 2015 ranged between 0.53% and 0.57%. The Directors consider 1.0% to be a reasonable possible increase in rates and 0.5% to be a reasonable possible decrease in rates with reference to market yield curves and the current economic conditions.

The annualised effect of these changes to interest rates on the floating rate debt at the Balance Sheet date, all other variables being constant, are as follows:

Impact on post-tax profit and net equity – increase/(decrease)	Group 2015 £m	Group 2014 £m	Company* 2015 £m	Company* 2014 £m
Decrease interest rate by 0.5%	0.3	0.2	0.7	0.6
Increase interest rate by 1.0%	(0.6)	(0.4)	(1.4)	(1.1)

The Company has substantial interest bearing payables due to subsidiary companies (note 21).

(ii) Foreign Currency Risk

The Group buys and sells goods and services denominated in non-Sterling currencies principally US dollar, Euro and Australian dollar. As a result, movements in exchange rates can affect the value of the Group's revenues and purchases.

The Group policy on covering foreign currency exposure is included in the Financial Review's discussion of financial risks and treasury policies on page 20. As a minimum, it buys or sells forward the net known value of all committed purchase or sales orders. In addition, the Group will usually buy or sell a proportion of the estimated sale or buy orders for the remaining part of the year to minimise its transactional currency exposures in non-Sterling currencies. Forward currency contracts must be in the same currency as the hedged items. The Group does not trade in forward currency hedges.

At 28 March 2015, the Group and Company had open forward contracts to buy €49 million (2014: buy €37 million). These have a Sterling equivalent of £3.8 million (2014: £3.1 million) and a net gain of £0.2 million (2014: £nil) when comparing the contractual rates with the year end exchange rates. At 28 March 2015, the Group and Company had open forward contracts to pay \$1.0 million (2014: \$nil). These have a Sterling equivalent of £0.7 million (2014: £nil) and a net gain of £nil (2014: £nil) when comparing the contractual rates with year end exchange rates.

At 28 March 2015, the only significant foreign currency assets or liabilities were the following:

Group and Company	Cash deposits		Trade receivables		Trade payables	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Euro assets/(liabilities)	1.1	0.2	–	–	(0.7)	(0.4)
US dollar assets/(liabilities)	0.2	0.4	0.4	0.5	(0.2)	(0.1)

(iii) Credit Risk

The risk of financial loss due to a counter party's failure to honour its obligations arises principally in relation to transactions where the Group provides goods and services on deferred payment terms, deposits surplus cash and enters into derivative contracts.

Group policies are aimed at minimising losses and deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Individual customers are subject to credit limits to control debt exposure. Credit insurance is taken out where appropriate for wholesale customers and goods may also be sold on a cash with order basis.

Cash deposits with financial institutions for short periods and derivative transactions are only permitted with financial institutions approved by the Board. There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the Balance Sheet date.

Trade and other receivables

The Group records impairment losses on its trade receivables separately from gross receivables. Further detail is included in note 19.

(iv) Liquidity Risk

The Group minimises liquidity risk by managing cash generation, applying debtor collection targets, monitoring daily cash receipts and payments and setting rolling cash forecasts. Investments have cash payback periods applied as part of a tightly controlled investment appraisal process. The Group's rating with credit agencies is excellent.

The Group has a mixture of long and short term borrowings and overdraft facilities. 16% (2014: 19%) of the Group's borrowings are repayable after more than five years, nil (2014: 81%) within the second to third years and 84% (2014: nil) within the third to fifth years.

Notes to the Financial Statements continued

26 Financial Instruments continued

The tables below summarise the maturity profile of the Group's financial liabilities at 28 March 2015 based on undiscounted contractual cash flows including interest payable. Floating rate interest is estimated using the prevailing interest rate at the Balance Sheet date.

Group at 28 March 2015	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Total £m
Interest bearing loans and borrowings ¹	–	1.2	3.6	133.2	42.7	180.7
Preference shares ²	–	–	0.1	0.5	3.4	4.0
Trade and other payables	10.9	18.4	0.1	0.5	0.7	30.6

¹ Bank loans are included after taking account of the following cash flows in relation to the interest rate swap and cap held in respect of these borrowings:

Interest rate swaps and cap	–	0.2	0.6	2.4	1.7	4.9
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Group at 29 March 2014

Interest bearing loans and borrowings ¹	–	1.3	3.7	128.4	42.7	176.1
Preference shares ²	–	–	0.1	0.5	3.4	4.0
Trade and other payables	12.6	18.0	0.1	0.5	0.8	32.0

¹ Bank loans are included after taking account of the following cash flows in relation to the interest rate swap and cap held in respect of these borrowings:

² The preference shares have no contractual repayment date. For the purposes of the table above interest payments have been shown for 20 years from the Balance Sheet date but no further.

Interest rate swaps and cap	–	0.2	0.6	3.3	1.8	5.9
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The Company figures are as for the Group except as follows:

Company at 28 March 2015	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Total £m
Amounts due to subsidiary undertakings ³	97.5	–	–	–	–	97.5
Trade and other payables	10.2	18.4	0.1	0.5	0.7	29.9

Company at 29 March 2014

Amounts due to subsidiary undertakings ³	94.5	–	–	–	–	94.5
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³ Amounts due to subsidiary undertakings have no fixed repayment date. Interest is payable on the balance at 3% above the Bank of England base rate.

Security – Group and Company

The 10.7% debentures 2023 are secured on property, plant and equipment with a net book value of £12.5 million (2014: £12.5 million). The 6.875% debentures 2028 are secured by a floating charge over the assets of the Company.

Covenants – Group and Company

The Group and Company are subject to a number of covenants in relation to their borrowing facilities which, if contravened, would result in its loans becoming immediately repayable. These covenants inter alia specify maximum net debt to earnings before interest, tax, depreciation and amortisation, and minimum earnings before interest, tax, depreciation and amortisation to interest.

26 Financial Instruments continued

d) Fair Value

Fair values of financial assets and liabilities

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

Group	Book value 2015 £m	Book value 2014 £m	Fair value 2015 £m	Fair value 2014 £m	Fair value Level
Financial assets					
Cash	5.2	4.1	5.2	4.1	1
Trade and other receivables due within one year in scope of IAS 39	12.7	12.8	12.7	12.8	3
Loans and other receivables due in more than one year in scope of IAS 39	0.3	0.4	0.3	0.4	3
Interest rate swaps	–	0.8	–	0.8	2
Interest rate cap	0.3	–	0.3	–	2
Financial liabilities					
Trade and other payables in scope of IAS 39	(32.4)	(31.5)	(32.4)	(31.5)	3
Fixed rate borrowings	(26.1)	(26.1)	(31.0)	(31.0)	3
Floating rate borrowings	(120.0)	(116.2)	(116.2)	(116.2)	3
Preference shares	(1.6)	(1.6)	(1.8)	(1.8)	3
Interest rate swaps	(2.9)	(0.8)	(2.9)	(0.8)	2
Put and call option	(3.0)	–	(3.0)	–	3
Forward currency contract	(0.2)	–	(0.2)	–	2

The Company figures are as for the Group above except as follows

Company	Book value 2015 £m	Book value 2014 £m	Fair value 2015 £m	Fair value 2014 £m	Fair value Level
Financial liabilities					
Trade and other payables in scope of IAS 39	(129.4)	(125.8)	(129.4)	(125.8)	3

Level 1 fair values are valuation techniques where inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at measure data

Level 2 fair values are valuation techniques where all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly but are not derived directly from quoted prices in active markets. The Group bases its valuations on information provided by financial institutions who use a variety of estimation techniques based on market conditions such as interest rate expectations existing at each balance sheet date

Level 3 fair values are valuation techniques for which all inputs which have a significant effect on the recorded fair value are not observable. Derivative fair values are obtained from quoted market prices in active markets. The fair values of borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates. The fair values of preference shares have been calculated using the market interest rates. The fair values of cash, trade and other receivables, loans and other receivables and trade and other payables are equivalent to their carrying value. The fair value of the put and call option has been calculated by discounting the expected future cash flows of The Stable Pizza and Cider Limited.

Notes to the Financial Statements continued

27 Share Capital and Reserves

a) Share Capital

Authorised, issued and fully paid	A ordinary shares of 40p each	C ordinary shares of 40p each	B ordinary shares of 4p each	Total
Number in issue	Number 000's	Number 000's	Number 000's	Number 000's
At 30 March 2013	33,424	14,657	89,052	137,133
Share conversions	64	(64)	–	–
At 29 March 2014	33,488	14,593	89,052	137,133
Share conversions	31	(31)	–	–
At 28 March 2015	33,519	14,562	89,052	137,133
Proportion of total equity shares at 28 March 2015	24.5%	10.6%	64.9%	100%
Monetary amount	£m	£m	£m	£m
At 30 March 2013	13.3	5.9	3.6	22.8
Share conversions	0.1	(0.1)	–	–
At 29 March 2014	13.4	5.8	3.6	22.8
Share conversions	–	–	–	–
At 28 March 2015	13.4	5.8	3.6	22.8

Share capital represents the nominal value proceeds received on the issue of the Company's equity share capital comprising 40p and 4p ordinary shares. The Company's preference shares are classified as non-current liabilities in accordance with IFRS (see note 24).

The ordinary shareholders are entitled to be paid a dividend out of any surplus profits and to participate in surplus assets on winding up in proportion to the nominal value of each class of share (B shares have one tenth of the nominal value of A and C shares).

All equity shares in the Company carry one vote per share save that shares held in treasury have their voting rights suspended. The A and C shares have a 40p nominal value and the B shares have a 4p nominal value so that a B share dividend will be paid at 10% of the rate applying to A and C shares. The A shares are listed on the London Stock Exchange. The C shares carry a right for the holder to convert them to A shares by written notice in the 30 day period following the half year and preliminary announcements. The B shares are not listed and have no conversion rights. In most circumstances the value of a B share is deemed to be 10% of the value of the listed A shares. The Trustee holding shares for participants of the LTIP currently waives dividends for shares held during the initial three year period. Dividends are not paid on shares held in treasury.

The Articles include provisions relating to the Company's B and C shares which provide that shareholders who wish to transfer their shares may only do so if the transfer is to another B or C shareholder or if the transfer is to certain of that shareholders family members or their executors or administrators or where shares are held by trustees to new trustees or to the trustees of any employee share scheme or if the Company is unable to identify another shareholder of that class willing to purchase the shares within the specified period to any person.

27 Share Capital and Reserves continued

b) Own Shares

Own shares relate to shares held by independently managed employee share ownership trusts (ESOTs) together with the Company's holding of treasury shares. Shares are purchased by the ESOTs in order to satisfy potential awards under the Long Term Incentive Plan (LTIP) and Share Incentive Scheme (SIP). Treasury shares are used inter alia to satisfy options under the Company's share options schemes. The LTIP ESOT has waived its rights to dividends on the shares it holds. Treasury shares have voting and dividend rights suspended. All own shares held as below are excluded from earnings and net assets per share calculations.

Number	Treasury shares		LTIP ESOT			SIP ESOT		Total	
	A ordinary 40p shares 000's	'B' ordinary 4p shares 000's	A ordinary 40p shares 000's	B ordinary 4p shares 000's	C' ordinary 40p Shares 000's	'A' ordinary 40p shares 000's	'A' ordinary 40p shares 000's	B ordinary 4p shares 000's	C ordinary 40p shares 000's
At 30 March 2013	1,206	–	–	693	5	2	1,208	693	5
Shares purchased	446	–	–	415	5	69	515	415	5
Shares transferred	(167)	–	167	–	–	–	–	–	–
Shares released	(314)	–	(167)	(417)	–	(71)	(552)	(417)	–
At 29 March 2014	1,171	–	–	691	10	–	1,171	691	10
Shares purchased	292	3,558	–	248	–	73	365	3,806	–
Shares transferred	(110)	–	110	–	–	–	–	–	–
Shares released	(190)	–	(110)	(266)	–	(72)	(372)	(266)	–
At 28 March 2015	1,163	3,558	–	673	10	1	1,164	4,231	10
Monetary amount	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 30 March 2013	8.2	–	–	0.5	–	–	8.2	0.5	–
Shares purchased	4.2	–	–	0.4	0.1	0.6	4.8	0.4	0.1
Shares transferred	(1.1)	–	1.1	–	–	–	–	–	–
Shares released	(2.2)	–	(1.1)	(0.4)	–	(0.6)	(3.9)	(0.4)	–
At 29 March 2014	9.1	–	–	0.5	0.1	–	9.1	0.5	0.1
Shares purchased	2.8	3.4	–	0.2	–	0.7	3.5	3.6	–
Shares transferred	(0.9)	–	0.9	–	–	–	–	–	–
Shares released	(1.5)	–	(0.9)	(0.2)	–	(0.7)	(3.1)	(0.2)	–
At 28 March 2015	9.5	3.4	–	0.5	0.1	–	9.5	3.9	0.1
Market value at 28 March 2015	11.9	3.6	–	0.7	0.1	–	11.9	4.3	0.1

c) Other Capital Reserves

Share Premium Account

The balance in the share premium account represents the proceeds received above the nominal value on the issue of the Company's equity share capital.

Capital Redemption Reserve

The capital redemption reserve balance arises from the buy-back of the Company's own equity share capital.

Hedging Reserve

The hedging reserve contains the effective portion of the cash flow hedge relationships incurred at the Balance Sheet date net of tax.

Notes to the Financial Statements continued

28 Share Options and Share Schemes

The key points of each of the Groups share schemes for grants up to 28 March 2015 are summarised below. All schemes are equity settled. All disclosure relates to both Group and Company. For the purposes of option and LTIP schemes "Adjusted EPS" will normally be consistent with the post tax earnings per share excluding exceptional items as presented in the financial statements. However, the Remuneration Committee is authorised to make appropriate adjustments to Adjusted EPS as applied to these schemes.

Savings Related Share Option Scheme ("SAYE")

This scheme grants options over shares at a discount of 20% on the average market price over the three days immediately prior to the date of offer. Employees must save a regular amount each month. Savings are made over three or five years at the participant's choice. The right to buy shares at the discounted price lasts for six months after the end of the savings contract. There are no performance conditions other than continued employment.

Senior Executive Share Option Scheme

This is an unapproved Executive Share Option Scheme. If growth in Adjusted EPS exceeds growth in the Retail Price Index (RPI) by 9% over the performance period of the option, then 40% of the award will vest. Vesting levels are then on a sliding scale, with 100% vesting occurring if growth in Adjusted EPS exceeds growth in RPI by more than 21%. The performance period for grants under this scheme is three years. Options must be exercised within seven years of the end of the performance period.

Executive Share Option Scheme

This is an approved Executive Share Option Scheme. The options vest if growth in Adjusted EPS exceeds the growth in RPI by 9% or more over the three year performance period of the option. The options must then be exercised within seven years after the end of the performance period.

LTIP

This plan awards free shares. Vesting is conditional on growth in Adjusted EPS exceeding growth in RPI by 9% or more over the three-year initial performance period of the award. Vesting levels are on a sliding scale from 40% up to 100% if growth in Adjusted EPS exceeds growth in RPI by 24% or more. An independent firm of advisors verify the vesting level each year. The initial vesting period is three years. After this time the shares may be passed to the plan participants as long as vesting conditions are met.

SIP

This plan awards free shares. The number of shares awarded up to a maximum value of £3,000 per person per year is based on length of service and salary. The life of each plan is five years, after which shares are released to participants. There are no performance conditions as in almost all circumstances participants can retain the shares awarded (although there may be tax consequences if within five years of the award).

Share-Based Payment Expense Recognised in the Year

The expense recognised for share based payments in respect of employee services received during the 52 weeks ended 28 March 2015 is £2.6 million (2014: £1.8 million). The whole of that expense arises from equity-settled share-based payment transactions.

Movements in the Year

The following tables illustrate the number and weighted average exercise prices (WAEP) of and movements in each category of share instrument during the year.

Market Value

The market value of the shares at 28 March 2015 was £10.20 (2014: £9.10).

A) SAYE

	2015 Number 000's	2015 WAEP	2014 Number 000's	2014 WAEP
Outstanding at the beginning of the year	394	£5.63	501	£4.69
Granted	110	£7.47	102	£7.24
Lapsed	(29)	£6.03	(46)	£5.24
Exercised	(127)	£4.89	(163)	£3.97
Outstanding at the end of the year	348	£6.43	394	£5.63
Exercisable at the end of the year	–	n/a	–	n/a
Weighted average share price for options exercised in the year	£9.52		£9.46	
Weighted average contractual life remaining for share options outstanding at the year end	4.02 years		2.54 years	
Weighted average share price for options granted in the year	£9.32		£9.43	
Weighted average fair value of options granted during the year	£2.01		£1.97	
Range of exercise prices for options outstanding at the year end				
– from	£4.64		£3.88	
– to	£7.47		£7.24	

28 Share Options and Share Schemes *continued*

Outstanding share options granted to employees under the Saving Related Share Option Scheme are as follows

Exercisable at	Exercise price 40p shares £	Number of 'A' ordinary shares under option 2015 000's	Number of 'A' ordinary shares under option 2014 000's
September 2014	3.88	–	48
September 2014	5.47	–	78
September 2015	4.64	52	58
September 2015	5.63	58	63
September 2016	5.47	25	27
September 2016	7.24	59	66
September 2017	5.63	20	22
September 2017	7.47	80	32
September 2018	7.24	28	–
September 2019	7.47	26	–
		348	394

B) Share Option Schemes

Senior Executive Share Option Scheme

	2015 Number 000's	2015 WAEP	2014 Number 000's	2014 WAEP
Outstanding at the beginning of the year	115	£6.56	202	£5.67
Granted	–	£9.10	20	£9.10
Lapsed	(6)	£6.46	(29)	£6.46
Exercised	(26)	£4.92	(78)	£4.92
Outstanding at the end of the year	83	£9.14	115	£6.56
Exercisable at the end of the year	39	£5.97	51	£5.12
Weighted average share price for options exercised in the year	£9.80		£9.17	
Weighted average contractual life remaining for share options outstanding at the year end	6.61 years		6.71 years	
Weighted average share price for options granted in the year	n/a		£8.98	
Weighted average fair value of options granted during the year	n/a		£1.07	
Range of exercise prices for options outstanding at the year end				
– from	£4.05		£4.05	
– to	£9.10		£9.10	

Notes to the Financial Statements continued

28 Share Options and Share Schemes continued

Executive Share Option Scheme

	2015 Number 000's	2015 WAEP	2014 Number 000's	2014 WAEP
Outstanding at the beginning of the year	162	£7.39	185	£5.58
Granted	54	£9.10	44	£9.10
Lapsed	(12)	£9.10	–	–
Exercised	(35)	£9.88	(67)	£4.98
Outstanding at the end of the year	169	£6.73	162	£7.39
Exercisable at the end of the year	45	£6.23	37	£6.02
Weighted average share price for options exercised in the year	£9.52		£9.18	
Weighted average contractual life remaining for share options outstanding at the year end	7.45 years		7.50 years	
Weighted average share price for options granted in the year	£9.65		£8.98	
Weighted average fair value of options granted during the year	£1.15		£0.92	
Range of exercise prices for options outstanding at the year end				
– from	£4.05		£4.05	
– to	£9.10		£9.10	

Outstanding options which are capable of being exercised between three and ten years from date of issue and their exercise prices are shown in the table below

Exercisable in/between	Senior Executive Share Option Scheme			Executive Share Option Scheme		
	Exercise price 40p shares £	Number of 'A' ordinary shares under option 2015 000's	Number of 'A' ordinary shares under option 2014 000's	Exercise price 40p shares £	Number of 'A' ordinary shares under option 2015 000's	Number of 'A' ordinary shares under option 2014 000's
2009 and 2016	4.98	–	2	4.98	3	3
2010 and 2017	7.51	–	4	7.51	7	12
2011 and 2018	4.05	2	12	4.05	4	4
2012 and 2019	4.80	9	19	4.80	3	3
2013 and 2020	5.78	12	12	5.78	12	15
2013 and 2020	6.30	1	1	–	–	–
2014 and 2021	7.09	15	21	7.09	15	39
2015 and 2022	7.05	24	24	7.05	38	42
2016 and 2023	9.10	20	20	9.10	33	44
2017 and 2024	–	–	–	9.65	54	–
Total		83	115		169	162

28 Share Options and Share Schemes continued

C) LTIP

Shares	2015 'A' shares Number 000's	2015 'B' shares Number 000's	2014 'A' shares Number 000's	2014 'B' shares Number 000's
Outstanding at the beginning of the year	478	1,195	694	1,733
Granted	147	367	155	388
Lapsed	(80)	(199)	(204)	(509)
Vested	(110)	(275)	(167)	(417)
Outstanding at the end of the year	435	1,088	478	1,195
Weighted average share price for shares vested in the year	£9.53	£0.95	£9.23	£0.92
For shares outstanding at the year end, the weighted average contractual life remaining is	1.22 years	1.22 years	1.28 years	1.28 years
Weighted average share price for shares granted in the year	£9.25	£0.92	£8.98	£0.90
Weighted average fair value of shares granted during the year	£8.74	£0.87	£8.38	£0.84

All LTIPs have a vesting price of £nil. LTIP shares do not receive dividends until vested.

D) SIP

	2015 Number 000's	2014 Number 000's
Outstanding at the beginning of the year	322	369
Granted	74	71
Lapsed	(2)	(1)
Released	(97)	(117)
Outstanding at the end of the year	297	322
Weighted average share price for shares released in the year	£9.36	£9.31
For shares outstanding at the year end, the weighted average contractual life remaining is	2.86 years	2.85 years
Weighted average share price for shares granted during the year	£9.50	£9.60
Weighted average fair value of shares granted during the year	£9.59	£9.17

Outstanding SIP shares represent shares allocated and held by the SIP Trustees on behalf of employees which remain in the trust for between three and five years. All SIPs have a vesting price of £nil. SIP shares receive dividends once allocated.

Notes to the Financial Statements continued

28 Share Options and Share Schemes continued

E) Fair Value of Grants

(i) Equity-settled options and LTIPs

The fair value of equity settled share options granted is estimated as at the date of grant taking into account the terms and conditions upon which the awards were granted. The following table lists the inputs to the model used for the 52 weeks ended 28 March 2015 and 52 weeks ended 29 March 2014 except exercise price and for the weighted average share price for grants in the year which are disclosed in sections a) to e) above

Fair value inputs	LTIP scheme		Save as you earn scheme		Executive and Senior Executive option schemes	
	2015	2014	2015	2014	2015	2014
Dividend yield (%)	1.7%	1.6%	1.7%	1.6%	1.7%	1.6%
Expected share price volatility (%)	n/a	n/a	19%	17%	19%	17%
Risk free interest rate (%)	1.4%	0.7%	1.4 to 2.0%	0.9 to 1.6%	1.7%	1.1 to 1.4%
Expected life of option/award (years)	3 years	3 years	3 to 5 years	3 to 5 years	3 years	4 to 5 years
Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes

(ii) SIPs Granted

The fair value of SIPs is the share price at the date of allocation. The value of SIPs awarded is a fixed rate based on the Groups performance in the preceding financial year. The number of shares awarded is therefore dependent on the share price at the date of the award.

29 Guarantees and Commitments

a) Operating Lease Commitments

Operating leases where the Group is the lessee

Future minimum rentals payable under non-cancellable operating leases are due as follows

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Within one year	11.2	8.0	10.9	8.0
Between one year and five years	26.9	26.2	25.7	26.2
After five years	59.6	39.8	54.0	39.8
	97.7	74.0	90.6	74.0

Commercial operating leases are typically for 20 to 25 years although certain leases have lease periods extending up to 40 years

Operating leases where the Group is the lessor

The Group earns rental income from two sources. Licensed property included within property plant and equipment is rented under agreements where lessees must also purchase goods from the Group. Additionally there are a smaller number of agreements in respect of investment properties where there is no requirement for the lessee to purchase goods.

Investment properties are let to third parties on leases that have remaining terms of between one and ten years.

At 28 March 2015 future minimum rentals receivable by the Group are as follows

Group	Investment properties		Other property, plant & equipment	
	2015 £m	2014 £m	2015 £m	2014 £m
Within one year	0.3	0.4	7.5	7.7
Between one year and five years	0.7	0.7	15.1	16.7
After five years	0.3	0.4	10.9	8.8
	1.3	1.5	33.5	33.2

29 Guarantees and Commitments continued

Company	Investment properties		Other property, plant & equipment	
	2015 £m	2014 £m	2015 £m	2014 £m
Within one year	0.3	0.4	7.6	7.7
Between one year and five years	0.7	0.7	15.4	16.7
After five years	0.3	0.4	11.4	8.8
	1.3	1.5	34.4	33.2

The Group and Company's commercial leases on property are principally for licensed outlets. The terms of the leases are normally for either three, five or ten years with the maximum being 30 years. The agreements allow for annual inflationary increases and full rental reviews occur on renewal of the lease or every five years for a ten-year lease.

At 28 March 2015 future minimum rentals receivable under non-cancellable sub leases included in the figures above were £71 million (2014: £5.2 million).

b) Other Commitments

Group and Company	2015 £m	2014 £m
Capital commitments – authorised, contracted but not provided for	2.3	3.9

The Company has accepted various duty deferment bonds in connection with HM Revenue & Customs. The total outstanding commitment at 28 March 2015 was £720,000 (2014: £720,000) for the Group and Company.

30 Related Party Transactions

Group and Company

During the current and prior years the Company provided various administrative services to the Fuller Smith & Turner Pension Plan free of charge. In addition the Company settled costs totalling £200,000 (2014: £170,000) relating to the provision of actuarial, consulting and administrative services by third parties to the Fuller Smith & Turner Pension Plan.

	52 weeks ended 28 March 2015 £m	52 weeks ended 29 March 2014 £m
Compensation of key management personnel (including Directors)		
Short term employee benefits	4.9	4.9
Post-employment benefits	0.4	0.5
Share-based payments	2.4	1.5
	7.7	6.9

Company Only

During the year the Company entered into the following related party transactions:

	Sales to related parties £m	Purchases from related parties £m	Interest due from related parties £m	Interest paid to related parties £m	Amounts owed to related parties £m	Amounts owed by related parties £m
52 weeks ended 28 March 2015						
Subsidiaries	–	44.8	0.3	3.2	(97.5)	9.0
52 weeks ended 29 March 2014						
Subsidiaries	–	42.9	3.2	–	(94.5)	–

Interest is payable on the majority of the amounts due to subsidiaries at 3% above the Bank of England base rate. All amounts outstanding are unsecured and repayable on demand.

Notes to the Financial Statements continued

30 Related Party Transactions continued

Subsidiaries of parent companies established within the European Economic Area are exempt from an audit if a guarantee is provided by the parent for the subsidiary liabilities and the shareholders are in unanimous agreement. The Group will be exempting the following companies from an audit in 2015 for the period ending 28 March 2015 under section 479A of the Companies Act 2006, all of which are fully consolidated in these financial statements

Griffin Catering Services Ltd	01577632
Jacomb Guinness Ltd	02934979
George Gale & Co Ltd	00026330
45 Woodfield Ltd	04279254
Cornish Orchards Ltd	04871687

The Group will be exempting the following companies from the preparation and delivering of accounts to Companies House under section 394A of the Companies Act 2006 all of which are fully consolidated in these financial statements

Griffin Inns Ltd	00495934
Ringwoods Ltd	00178536
FST Trustee Ltd	03163480
Fuller Smith & Turner Estate Ltd	01831674

31 Post Balance Sheet Event

Since 28 March 2015 the Group has exchanged on the purchase of one licensed property

Directors and Advisors

as at 4 June 2015

Directors

Michael Turner, FCA Chairman*
Simon Emeny Chief Executive
James Douglas ACA
Richard Fuller
Ian Bray
Jonathon Swaine
John Dunsmore*
Sir James Fuller*
Lynn Fordham CA*
Alastair Kerr*
Non Executive

President

Anthony Fuller CBE
Chairman from 1982-2007 Anthony Fuller retired from the Board in 2010
after a long career with Fullers and continues as President

Secretary and Registered Office

Séverine Garnham
Griffin Brewery
Chiswick Lane South
London W4 2QB
Tel 020 8996 2105
Registered Number 241882

Auditors

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London NW1 2EP

Stockbrokers

Numis Securities Limited
10 Paternoster Square
London EC4M 7LT

Registrars

Computershare Investor Services PLC
The Pavilions Bridgwater Road
Bristol BS99 6ZZ
Tel 0870 889 4096
Please note you can now advise
Computershare of changes to your address
or set up a dividend mandate online at
www.computershare.com/investor/uk

Shareholder Information

2015 Diary

Friday, 26 June

Record Date

Wednesday, 1 July

Preference dividends paid

Thursday, 23 July

Annual General Meeting

Hock Cellar Griffin Brewery

Monday, 27 July

Final dividend paid

Friday, 20 November

Half year results announcement

2016 Diary

January

Preference dividends paid

Interim dividend paid

June

Preliminary results announcement

Shareholder Privileges

Individual shareholders with at least 500 A or C ordinary shares or 5 000 B ordinary shares are eligible to receive a shareholder indulgence card entitling them to a 15% discount on food and drinks in Fuller's Managed Pubs and Hotels and when visiting the Brewery Store in Chiswick as well as a 10% discount on the best available rate in Fuller's hotels. Information is available from the Company Secretariat on 020 8996 2105 or companysecretariat@fullers.co.uk

Redesignation of 'C' Shares

C ordinary shares can be redesignated as A ordinary shares within 30 days of the preliminary and half year announcements by sending in your certificates and a written instruction to redesignate prior or during the period to the Company's Registrars

Computershare Investor Services PLC

The Pavilions Bridgwater Road

Bristol BS99 6ZZ

ShareGift

The Orr Mackintosh Foundation operates a charity share donation scheme for shareholders with small parcels of shares whose value makes it uneconomic to sell them. If you have a small number of shares and would like to donate them to charity details of the scheme can be found on the ShareGift website www.sharegift.org or by contacting the Company Secretariat on 020 8996 2105

Glossary

- **Adjusted earnings per share ("EPS")** – this is earnings per share adjusted for exceptional items. The Directors believe that this measure provides useful information for shareholders as to the internal measures of the performance of the Group.
- **Adjusted profits** – this is profit before tax, adjusted for exceptional items.
- **Beer and cider volumes** – this is the volume of beer and cider sold in number of barrels a brewing term representing 288 pints.
- **EBITDA** – this is the earnings before interest tax depreciation loss on disposal of plant and equipment and amortisation adjusted for exceptional items.
- **Foreign Beer** – this is sales made by the Company of beer produced by other brewers the majority of which is lager.
- **Like for like barrels sold** – this is measured on the same basis as "Tenanted like for like profit growth".
- **LTIP** – Long Term Incentive Plan.
- **Managed Pubs and Hotels invested like for like sales growth** – this is the sales growth calculated to exclude those pubs which have not been trading throughout the two years for the corresponding period in both years. The principal exclusions from this measure are pubs purchased or sold in the last 12 months sites which are closed and pubs which are transferred to tenancy.
- **Market capitalisation** – only the Company's 40p A ordinary shares are listed. The Company calculates its market capitalisation as the sum total of all classes of ordinary shares i.e. listed 40p A ordinary shares unlisted 4p B ordinary shares and unlisted 40p C ordinary shares plus all potentially awardable share options and LTIP awards less any shares held in treasury. For the purposes of the calculation of market capitalisation a 4p B ordinary share is treated as having 10% of the market value of a quoted 40p A ordinary share and a 40p C ordinary share is treated as having an equivalent value to a 40p A ordinary share.
- **Net debt** – this comprises cash bank loans other loans debenture stock and preference shares.
- **Own beer and cider** – this is sales of own brand beer and cider brewed by the Company in Chiswick and Cornwall.
- **SIP** – Share Incentive Plan.
- **Tenanted like for like profit growth** – this is the profits growth of Tenanted Inns calculated to exclude from both years those pubs which have not been trading throughout the two years. The principal exclusions from this measure are pubs purchased or sold, pubs which have closed, and pubs transferred to or from our Managed business. Bad debt expense is included but head office costs are excluded.
- **Total annual dividend** – the total annual dividend for a financial year comprises interim dividends paid during the financial year and the final dividend proposed for approval by shareholders at the Annual General Meeting after the completion of the financial year.
- **Wet food and accommodation like for like sales growth** – this is measured on the same basis as "Managed Pubs and Hotels invested like for like sales growth".

Five Years' Progress

Income Statement	2015 £m	2014 £m	Restated* 2013 £m	Restated* 2012 £m	Restated* 2011 £m
Revenue	321.5	288.0	271.5	253.0	241.9
Operating profit before exceptional items	42.3	39.9	37.0	34.9	34.1
Net finance costs*	(5.9)	(5.8)	(5.9)	(4.9)	(4.7)
Adjusted profit*	36.4	34.1	31.1	30.0	29.4
Exceptional items*	(0.3)	(0.6)	2.6	(1.9)	1.0
Profit before tax*	36.1	33.5	33.7	28.1	30.4
Taxation*	(7.8)	(4.4)	(5.6)	(4.9)	(6.0)
Profit attributable to equity shareholders of the Parent Company*	28.3	29.1	28.1	23.2	24.4
EBITDA	58.7	54.5	51.2	47.8	46.6

Comparatives have been restated for changes to IAS19

Assets employed					
Non-current assets	524.2	481.3	455.6	444.1	382.7
Inventories	10.6	10.6	10.1	10.5	8.8
Trade and other receivables	17.7	18.3	18.3	18.3	18.8
Assets classified as held for sale	–	1.2	0.6	5.3	0.2
Cash and short term deposits	5.1	4.1	4.3	3.9	3.7
	557.6	515.5	488.9	482.1	414.2
Current borrowings	(20.0)	–	–	–	–
Other current liabilities	(53.5)	(51.2)	(45.7)	(51.6)	(43.6)
	484.1	464.3	443.2	430.5	370.6
Non-current borrowings	(147.7)	(143.9)	(139.9)	(142.1)	(92.2)
Other non current liabilities	(54.7)	(43.2)	(43.9)	(53.1)	(42.2)
Net assets	281.7	277.2	259.4	235.3	236.2

Per 40p 'A' ordinary share	2015	2014	2013	2012	2011
Adjusted earnings	51.51p	46.94p	42.18p	39.47p	37.54p
Basic earnings	51.15p	52.14p	50.43p	41.24p	43.41p
Dividends (interim and proposed final)	16.60p	15.10p	13.70p	12.65p	11.80p
Net assets	£5.09	£4.98	£4.65	£4.22	£4.19
Net debt (£ million)	(162.6)	(139.8)	(135.6)	(138.2)	(88.5)
Net debt/EBITDA¹	2.7	2.5	2.6	2.7	1.9
Gross capital expenditure (£ million)	56.3	38.1	31.1	76.3	12.0
Average number of employees	4,058	3,610	3,477	3,392	3,363

¹ Net debt/EBITDA is adjusted as appropriate for the pubs acquired in the period



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