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Shepherd Neame Limited
09 November 2021

Shepherd Neame

Full Year Results to 26 June 2021

Shepherd Neame, Britain's Oldest Brewer and owner and operator of 310 high quality pubs in Kent and the South East, today announces results for the 52 weeks ended 26 June 2021.

Key points

- Demand has been strong since reopening.
- Cashflow is good and net debt[1] reducing.
- Supply Chain challenges and inflation costs will persist into 2022.

Full year results
To put the year's results in context, our pubs had been closed for 296 of the previous 421 days when they were allowed to reopen indoors on 17 May 2021.

- Total revenue for the year was £86.9m (2020 restated[2]: £118.2m).
- Underlying operating loss before tax[3] was £(4.2)m (2020 restated[2]: profit of £1.5m). Statutory loss before tax was £(16.4)m (2020 restated[2]: £(21.0)m).
- Despite making a loss, the Company has managed its net debt[1] and cash flow tightly. Net debt[1] was £149.1m (2020 restated[2]: £140.3m) of which lease liabilities were £58.3m (2020 restated[2]: £55.9m). Bank and private placement debt was £90.8m (2020 restated[2]: £84.5m) giving headroom to facilities of £41.7m.
- The Company Net Asset Value per share fell to £11.40 (2020 restated[2]: £12.47) as a result of the IFRS transition and accumulated Covid losses. As at 26 June 2021 the Company carried out a revaluation of its licensed assets which showed a surplus over book value of £35.9m, +13%.

Trade since re-opening to year end

- For the initial period from 12 April (when pubs reopened) to 16 May, open retail pubs achieved 62% of 2019 sales[4] and from 17 May, when indoor trading resumed, to the year end on 26 June, those same sites achieved 97% of 2019 sales[4].
- Total beer volume has been resilient throughout the pandemic. We have obtained new on-trade customers since re-opening and new listings in other channels. Total volume in all channels was +8.4% in May and June versus 2019[4].
- For the 11 weeks from 12 April to 26 June, tenanted pubs achieved 77% of their 2019 volume[4]. For the four weeks to 26 June, they achieved 91% of their 2019 beer volumes[4]. Rent was phased back in stages during this period to reach normal levels by August 2021.

Trading since the year end

- The start of the new financial year has been encouraging. Demand for food and accommodation, in particular, has been strong since July. Drinks trade is recovering since the return to offices in London from September.
- For the 18 weeks from 27 June to 30 October, same outlet like-for-like sales[5] in retail pubs were 91% of 2019[6] and up +37.0% vs 2020[7].
- For the 18 weeks to 30 October, same outlet like-for-like drinks sales in our retail pubs were 76% of 2019[6] and up +49.1% vs 2020[7]; food sales were 106% of 2019[6] and up +22.2% vs 2020[7]; room sales were 129% of 2019[6] and up +44.0% vs 2020[7]. Occupancy was 81%.

- For the 13 weeks to 25 September, same outlet like-for-like tenanted pub income was 93% of 2019[6] and up +26.2% vs 2020[7].
- For the 18 weeks to 30 October, total beer volume was 106% of 2019[6] and up +9.6% vs 2020[7]. Own beer and cider volume was 93% of 2019[6] and up +1.6% vs 2020[7].
- As at 1 November 2021 the Company exchanged contracts to sell two hotels that no longer fit our portfolio for £5.75m to RedCat Pub Company. This will complete in mid-November.

Jonathan Neame, CEO of Shepherd Neame said:

"We are greatly encouraged by the customer response since re-opening and are confident that beer and pubs remain every bit as core to British life as pre-pandemic.

We have spent the last year productively: building a better business, strengthening our brand presence and maintaining our pubs to be in optimal shape for reopening. Our relationships with our licensees remain strong and we have few tenanted vacancies. We feel we are in the best shape we can be, in the circumstances, and this has resulted in a strong and sustainable recovery.

We face challenges ahead, particularly with supply chain and inflationary pressures. That said, we are confident that the long term fundamental drivers for the business remain strong, including the ongoing infrastructure investment in our heartland, anticipated local population growth, changes in consumer and workplace trends, and our position at the centre of the community.

We have a solid platform and a clear plan to build on our recovery, assisted by our strong balance sheet. For the rest of this year, we remain focused on meticulous cost control, tight cashflow management and further reducing net debt.

We look forward to 2022 with optimism and, with every day that passes, confidence grows that we can not only recover lost ground, but recover well, unlock growth opportunities and release the full potential of the business.
We intend to return to prior levels of investment and restore the dividend as soon as circumstances allow."

9 November 2021

Shepherd Neame Tel: 01795 532206

Jonathan Neame, Chief Executive

Mark Rider, Chief Financial Officer

Instinctif Partners Tel: 020 7457 2020

Matthew Smallwood

NOTES FOR EDITORS
Shepherd Neame is Britain's oldest brewer. Established in 1698, with earlier origins and based in Faversham, Kent it employs 1,475 people.

At the year end, the Company operated 310 pubs, of which 235 were tenanted or leased, 65 managed and 10 were held as investment properties under commercial free of tie leases. The pub estate ranges from inns and hotels to destination dining, great traditional and local community pubs.

The Company brews, markets and distributes its own beers to national and export customers under a range of highly successful brand names including traditional classics such as Spitfire and Bishops Finger as well as newer brands, such as Whitstable Bay, Bear Island and Orchard View Cider.

The Company also has partnerships with Boon Rawd Brewery Company for Singha beer, Thailand's original premium beer and with Boston Beer Company for Samuel Adams Boston Lager and Angry Orchard Hard Cider.

Shepherd Neame's shares are traded on the AQUIS Exchange Growth Market.
See http://www.aquisexchange.com/ for further information and the current share price.

For further information on the Company, see www.shepherdneame.co.uk.

CHAIRMAN'S STATEMENT

OVERVIEW

When our pubs were allowed to welcome customers indoors on 17 May 2021, they had been closed for 296 of the last 421 days. It would be hard to imagine worse circumstances. Indeed, it has been pointed out that since brewing began on the Faversham site around 1573, there had never been a prolonged cessation of any part of our business until March 2020.

The Company made a statutory loss before taxation of £(16.4)m (2020 restated: loss of £(21.0)m) and an underlying loss before taxation of £(10.1)m (2020 restated: loss of £(3.6)m). Revenue, at £86.9m, was respectively -26% and -40% down on the levels in 2020 (restated) and 2019. As a result, there will be no dividend in respect of this year.

The losses resulting from COVID-19 and the change in technical requirements (in relation to accounting for leases) of the International Financial Reporting Standards have impacted the accumulated profits of the Company, as reflected in its net assets. As a result, Net Asset Value per share has fallen to £11.40 (2020 restated: £12.47).

We are now moving forward with confidence. Trade since the restart has been encouraging in all parts of the business; the Statement of Financial Position remains strong and net debt is reducing fast through good cash generation and targeted disposals; we have a clear plan and the management and team spirit to execute it; and we see new opportunities on the horizon. Whilst we are likely to face further supply chain disruption in the short term, the fundamental drivers for the business remain solid for the long term and we look to the future with great enthusiasm.

In the face of such exceptional challenges, to comment on successes may seem incongruous; but there are, in the board's view, strong indicators that we have a solid platform for future success.

First, the Company, in the sense of the teams of people who are employees or, as licensees and other partners, work with Shepherd Neame, has shown remarkable resilience. In the pubs, all concerned worked diligently to ensure the safety of our customers, putting in place social distancing, masks, sanitiser, and good ventilation indoors in line with guidelines and best practice. The spirit of those who have gathered at the brewery in recent weeks for the first time, and of those working in the pubs, is upbeat and positive. This is an encouraging reflection of the Company's culture.

Second, the Company's three-legged strategy - retail pubs, tenanted pubs, and brewing - has shown its value. There are occasionally questions about the value of the combination of these three areas of business, with other companies having separated their brewing operations. The Board believes that this strategy has been vindicated over the past two years, making the most of an integrated brand but also in diversifying revenues and business risk. In a period in which there was sharply reduced pub revenue, beer revenue grew over the previous year. Grocery sales were particularly strong.

Third, in being among the earliest pub companies to announce that we would forgo tenants' rents, we helped to cement our relationships with them and our reputation with the public. The style of management in an individual pub is critical to it thriving; every licensee contributes something to the idiocentric atmosphere of his or her pub, and for the Company to maintain a good relationship with all licensees and managers is part of the recipe for success. In visiting the pubs since lockdown we have been encouraged by the positive attitude to the Company that licensees have.

Fourth, the senior management team has shown endless adaptability and originality of thought in hard and exhausting times. On behalf of shareholders, and of the Non-Executive members of the Board, I thank them for their unfailing commitment and dependability.

Fifth, a few lessons have been learned from managing pubs during periods of partial opening. We have been able to make the most of the outdoors. With limited capital spending, we have expanded on the use of outdoor space, in particular by installing stretch tents. We believe these will continue to be attractive to customers. We are fortunate in having a strong rural and coastal pub base to benefit from the increased custom that could come from less commuting as well as from the presumed trend to warmer weather. We have also been able to innovate with increased use of booking and ordering systems and table service.

Finally, cost control has been meticulous. We have of course benefited from the Government's Coronavirus Job Retention Scheme (CJRS) and other support measures, as the Chief Executive's Review sets out. This support, our own cost controls, and some judicious property sales have enabled the Company to keep debt down during loss-making periods. Net debt, excluding lease liabilities, was £90.8m at the year-end, only £6.4m above the level in 2020. Statutory net debt, including lease liabilities, was £149.1m at the year-end (2020 restated: £140.3m. See note 7b to the financial statements). These financial controls helped in the renegotiation of our borrowing agreements, necessary because of covenants dependent on cash flow.

MANAGEMENT AND GOVERNANCE

At the last AGM Miles Templeman stood down as Chairman after 15 years and as a Director after 18 years, as foreshadowed in last year's report. During the first part of the COVID-19 and lockdown crisis he was, as ever, a rock of calm, measured and wise counsel to the Board and management. All the Board join me in wishing him well after his long period with the Company.

We also reported in 2020 that Kevin Georgel would join as a Non-Executive Director from the beginning of the financial year. As Chief Executive of St Austell Brewery and former Chief Executive of Admiral Taverns, his knowledge of the industry is already proving immensely valuable.

The Board has appointed Hilary Riva to be Senior Independent Director and I am grateful to her for taking this on.

Robin Duncan has retired after a marathon career in which he has been a much-respected figure within the Company, and the Board is grateful to Glenda Flanagan for stepping into his shoes as Company Secretary.

Mark Rider has been appointed Chief Financial Officer and Nigel Bunting will become Commercial Director once we have recruited a Director of Retail Pub Operations; I and their colleagues on the Board are grateful to them for assuming these roles.

We have continued our corporate governance progression by adopting the Quoted Companies Alliance Corporate Governance Code (QCA Code) and by transitioning our accounting standards from FRS 102 to IFRS (International Financial Reporting Standards). IFRS are now regarded as the accepted accounting standards for publicly listed companies and we feel that this move is appropriate for us as technically a private company with a stock market listing.

AUDITORS

Regular review of the role of auditors is a necessary part of good governance. The Audit Committee conducted a review and tender during the year and decided to appoint BDO LLP as auditors in place of Deloitte LLP, who had been the Company's auditors since 2009. We thank Deloitte LLP and the team there for their service and we look forward to working with BDO LLP.

DIVIDEND POLICY

The Board very much appreciates the importance of dividends to our shareholders and is determined to return to payment of a dividend as soon as it is prudent to do so. When this time comes, we expect to resume broadly the same policy as in the past: dividend cover at or above two times underlying earnings.

OUTLOOK

Our aims are straightforward. We want people to come to our pubs, drink our beer and enjoy our food, accommodation and general hospitality. We want them to tell others about it and come back for more. The past year has emphasised how important pubs, and breweries, are to their communities. Shepherd Neame is rooted in the community - indeed, several sorts of community: the community of Faversham where the brewery and head office are significant landmarks, the particular community surrounding every pub, and the community of customers who enjoy Shepherd Neame brands. Pub and brewing operators are by their nature strong businesses which form part of Britain's social fabric, and Shepherd Neame is a proud member of the community of such businesses.

The foundations of our own business are strong. We look ahead to recovery and renewed strength, chastened by the problems of the last year. We are cautious about challenges to the supply chain and the inflationary impacts this will bring, but above all, we are positive and optimistic that we have the people, the assets, and the culture to bring future success.

RICHARD OLDFIELD

Chairman

CHIEF EXECUTIVE'S REVIEW

OVERVIEW

The last financial year has proved every bit as challenging as the prior year, and has been equally dominated by COVID-19 uncertainty. However, we are greatly encouraged by the customer response since re-opening, and are confident that beer and pubs remain every bit as core to British life as before the pandemic.

After the optimism of the summer of 2020, when hospitality was re-opened following Lockdown 1, we then faced increasing restrictions through the autumn of 2020, such that the majority of our pubs ended up being shut for half the financial year; in fact it is only in recent weeks that some London pubs have re-opened for the first time since March 2020.

It is no wonder therefore that the Company has recorded a significant loss for the year, albeit this is less than originally anticipated.

Throughout this period, we have set out to do the right thing for our people and our licensees, and to protect the business and its assets so that we are in the best possible position to bounce back strongly.

I am extremely proud of the way that our teams throughout the business have handled the crisis and responded with great energy and enthusiasm during the summer, in spite of many logistical and operational challenges during the re-opening phase.

I believe that we have achieved our goals during the year and now look forward to the re-build phase with great optimism.

THE IMPACT OF COVID-19 RESTRICTIONS

The financial year started on 28 June 2020. Pubs were not allowed to re-open until 4 July 2020. We then had a phased re-opening through July and early August, of all but our central London and city pubs. We traded well through this period, helped in part by the Eat Out to Help Out (EOTHO) scheme. However, as we moved into the autumn, measures were introduced to reduce social contact, including curfews, the requirement to eat a meal in a pub, and other regional restrictions.

This ended in a further lockdown on 5 November for four weeks. Approximately one quarter of our pubs were able to re-open on 3 December, but this lasted for anything from a few days to three weeks, after which the country was again placed in national lockdown until 12 April 2021. Restrictions were lifted to allow outdoor trading only from 12 April to 17 May, when indoor trade was permitted. All legal restrictions were lifted on 19 July 2021, after a delay from the originally proposed date of 21 June.

PERFORMANCE FOR THE YEAR TO JUNE 2021

Throughout the whole of the COVID-19 crisis we have maintained the production of beer. Total beer volumes have been resilient and we have supplied record volumes to the grocery trade. Export trade has continued to be good, although impacted at times by the closure of many of our markets and the UK's exit from the EU in the early part of 2021. This trade has recovered since.

Our pubs traded strongly in the summer of 2020 and again in the spring of 2021, with particularly good performance from food and accommodation, when trading restrictions were eased. We did not charge our licensees any rent during periods of closure, but re-introduced rent on a phased basis whilst restrictions remained in place until August 2021, after which normal rent was applied in full.

Total revenue for the year was £86.9m (2020 restated: £118.2m), down -26% on 2020. Total revenue in the Tenanted Pubs division was down -33.5%, in Retail Pubs down -40.9% vs 2020, but we achieved growth in the Brewing and Brands business of +1.0%.

Overall the Company generated £7.7m of underlying EBITDA (2020 restated: £13.6m), but fell to an underlying operating loss of £(4.2)m (2020 restated: profit of £1.5m). Statutory operating loss was £(10.5)m (2020 restated: £(16.0)m).

Statutory loss before tax was £(16.4)m (2020 restated: loss of £(21.0)m). Underlying loss before tax was £(10.1)m (2020 restated: £(3.6)m).

TRADE SINCE RE-OPENING

On 12 April we re-opened over two thirds of our pubs and the customer response was immediate. We experienced strong demand as friends and family wanted to re-connect in pub gardens, in spite of bitterly cold but sunny conditions. As soon as indoor opening was allowed on 17 May, trade increased materially and food and accommodation trade has remained strong ever since.

For the 11 weeks from 12 April to 26 June, retail pubs and hotels that were open achieved 84% of their 2019[8] revenue. Total retail sales were 60% of their 2019 levels, as 15 pubs in central London remained closed. For the initial period from 12 April to 16 May, open pubs achieved 62% of 2019 sales and from 17 May, when indoor trading resumed, to the year end on 26 June, those same sites achieved 97% of 2019 sales.

For the 11 weeks from 12 April to 26 June, tenanted pubs achieved 77% of their 2019 volume. For the four weeks of June, they achieved 91% of their 2019[8] beer volumes. After paying no rent for all the weeks of lockdown, our tenanted pubs returned to 90% of normal rent as from 21 June and to full rent from 2 August 2021.

Total beer volume has been resilient throughout the pandemic. We have obtained new on-trade customers since re-opening and new listings in other channels. Total volume in all channels was +8.4% in May and June versus 2019[8] and total own beer volume, excluding contract, was down -3.6% for the same period.

The third wave of infections, the "pingdemic" and the delay in lifting restrictions to 19 July, slowed demand somewhat in July, but confidence returned in August as accommodation and food performed strongly.

GOVERNMENT SUPPORT

During this financial year, the Company has received £15.0m (2020: £6.1m) of overall support in various forms from the Government, which flows through our numbers. The largest of these is furlough support, which amounted to £9.3m during this financial year (2020: £5.0m). At one stage, 97% of the total team was on furlough. Whilst this support enabled us to protect the majority of jobs, we did have to undertake a redundancy process which resulted in an approximate 10% reduction in roles.

We received business grants that totalled £2.8m (2020: £0.5m). Additional support was received through the cancellation of business rates (2021: £2.9m; 2020: £0.6m) and a reduction in VAT on food, accommodation and soft drinks, to 5% for the periods we have been allowed to trade.

As at the end of September 2021, all furlough support has ceased; business rates support runs through until the end of March 2022; the temporary reduction in VAT to 5% has started to unwind and is now 12.5% from 1 October through to the end of March 2022. The industry is lobbying for permanent re-alignment of business rates, excise duties and VAT.

NET DEBT

In spite of making a loss, the Company has managed its net debt and cash flow tightly.

Statutory net debt, including lease liabilities, was £149.1m at the year-end (2020 restated: £140.3m). Net debt, excluding lease liabilities, was £90.8m (2020 restated: £84.5m). At the end of the 2020 financial year, £11.0m in excise duty and VAT was deferred, in agreement with HMRC. This balance had reduced to £2.4m at June 2021 and will be settled over the coming year. All rent arrears to our landlords have been met, following constructive discussions with the majority.

We have managed our cost base prudently during this time and we have restricted capital expenditure to £3.9m (2020: £12.3m; 2019: £19.3m).

Our net debt position has been helped by cash from disposals. The property market has remained good and we have disposed of two pubs (2020: two) and 12 (2020: six) investment properties for total proceeds of £4.5m (2020: £1.6m).

FINANCING AND REVALUATION

Prior to the pandemic we had total committed facilities of £107.5m. In July 2020, we secured a £25.0m revolving credit facility from our banking lenders, Lloyds Bank plc and Santander plc, utilising the Government's Coronavirus Large Business Interruption Lending Scheme (CLBILS), of which £15.0m was committed and a further £10.0m was available on request. In April 2021, in the light of the extended lockdown, new covenant waivers were agreed with our lenders. Normal covenant tests were relaxed through to September 2022, and have been replaced with minimum liquidity covenants.

The Company has not drawn on its CLBILS facility during the year. This robust financial position is now underpinned by the revaluation of our licensed premises, carried out as at 26 June 2021, which indicates a surplus over book value of £35.9m, or +13%. As our freehold properties are carried at cost less accumulated depreciation and any impairment in value, this increase in value is not reflected in these financial statements.

Taken together, the Company has ample liquidity for the foreseeable future and retains a strong balance sheet. We have not raised equity from shareholders. The primary focus now is to return underlying EBITDA to prior levels, to restore our previously lower levels of leverage, and thereby return to within pre-pandemic covenants, during this financial year.

INVESTMENT

We completed the major development at The Wharf in Dartford that was under construction when the pandemic hit, and installed a new yeast propagation plant that had been previously committed.

In addition we have made a limited number of other targeted investments. These include around 30 projects to install stretched tents to create attractive covered external areas at our pubs, the final payment on the pub site at Ebbsfleet, and certain minor investments in the brewery.

To ensure that the business is best placed to recover quickly, we have maintained our pubs to a high standard and have continued our roll out programme of external decoration and signage schemes. Two thirds of our pubs now have the newer signage scheme and we are on track to complete the whole estate within two years. We have continued to invest in our marketing, brands and communication.

BUILDING BACK BETTER

Throughout the pandemic, we have been focussed on ensuring that the Company is in the best possible shape to recover fast and be well placed to take advantage of any opportunities that subsequently arise.

In our pubs, food has been a major driver of our recovery and returned quickly to prior levels. We have developed our offer further with expanded dishes, pizza offers and more vegetarian, vegan and lower-calorie options.

We have benefited greatly from the restrictions on international travel and the staycation summer. We are very pleased with how low the turnover of licensees has been, and we see this as a reflection of the strong relationships we enjoy.

We have spent time on building better brands for the future. We have introduced more craft beers to our pub list; have developed a 0.5% low-alcohol beer under the Noughty Bear brand; have added the Truly Hard Seltzer range to the portfolio, which has seen great success in the US; and have partnered with Canterbury-based cider-maker Kentish Pip to introduce a bespoke range of local ciders.

Towards the end of 2019, we formed a partnership with the BoonRawd Brewery of Thailand to distribute Singha beer in the UK. This has already been successful and has grown volume despite the on-trade being shut for large parts of this time. We are optimistic about the potential for this brand in the UK, in spite of incurring high international freight costs at this time.

We have also developed a number of key new partnerships to support our brand work. Locally, we were delighted to be the Official Beer provider of The Open at The Royal St George's Golf Club. Other events and festivals returned towards the end of the summer and we partnered with organisations such as Dreamland in Margate, Live Nation and many other festival organisers throughout the country. We had a particularly strong presence of the Bear Island range at the Gone Wild Festival in Devon.

BUILDING A STRONG TEAM

Throughout the pandemic, we have worked hard to keep our teams together and engaged in the business. We supported those on furlough as best we could and maintained regular communications, providing training as appropriate and on going support for mental health and physical wellbeing.

Our support for our people has been richly rewarded with an excellent response since re-opening, and great energy and enthusiasm for all the difficult challenges we have faced. We have a loyal, dedicated and experienced team. Thankfully, we do not seem to have faced the extreme staff shortages that some operators have encountered, albeit it has been difficult at times. So far we have been able to recruit in most roles when vacancies occur, although finding chefs and kitchen staff remains challenging. Such skills shortages are expected to last for some time and may lead to higher costs of employment. All employees are paid above the national minimum wage.

As we emerge from the pandemic, we have made some management changes and created a new Operations Committee in place of the separate Pubs and Brewing & Brands Committees, to provide a single point of focus for our decision-making. We have introduced new members to the senior team: specifically Kate Ware, who joined as Head of People following Robin Duncan's retirement.

During the coming year, Nigel Bunting will become Commercial Director with overall responsibility for all sales, brewing, procurement and logistics operations in the Brewing and Brands business. We have commenced recruitment for a Director of Retail Pubs.

RECOGNISING OUR ACHIEVEMENTS

Our response to the pandemic has been widely commended by our customers. We have tried to maintain a high profile throughout and to communicate as clearly and regularly as possible to all our stakeholders.

The feedback has generally been positive and our audiences and engagement on all social channels have grown materially. We hope that this goodwill and high recognition will benefit the Company in the years ahead.

In this regard, it is also pleasing that our efforts continue to be recognised in multiple awards for our beers and pubs: most notably the Good Pub Guide Brewery of the Year 2021 and a CAMRA Golden Award. We were delighted that our 1698 Strong Ale was the UK winner in the International Beer Awards for strong pale ale.

CONSUMER TRENDS

There has been much comment during the pandemic about changes in lifestyle and shifts in consumer behaviour. From what we can see so far from the trade over the summer, such changes may be marginal, or rather an acceleration of changes already happening.

We have seen continued growth in food and accommodation sales and an on-going shift from on-trade beer consumption to off-trade beer consumption. But many of these trends have been in place for a number of years. The consumer is increasingly looking to make healthy choices and purchase lower-alcohol products.

In many situations, consumers appear to value the quality of the experience, and are seeking premium products. Our whole focus therefore is to ensure that they can enjoy a rewarding and differentiated experience in our pubs.

Hybrid working does look as though it is here to stay, with employees going to the office only two or three days per week. This is providing city-centre pubs with a mid-week boost but a quieter Monday and Friday. Thus far, we have been encouraged by trade levels in the City of London, which are above expectations, albeit some way below 2019 levels.

In time, it is likely that city centres will evolve into hybrid work and residential spaces, resulting in enhanced weekend trade. Many high streets are already evolving to become more pedestrianised, stimulating al fresco hospitality. Meanwhile suburbs and villages are seeing more footfall than they did historically during the week, and many of our pubs in these areas have achieved record sales over the summer.

Overall, we feel these emerging trends play to our strengths and provide us with growth opportunities for the future.

DOING THE RIGHT THING FOR OUR COMMUNITIES

Over the years up to the pandemic, we had built a strong platform for the business. It is our priority to restore prior levels of financial success and return to growth. But we must do so in a way that recognises the impact our activities have on our environment and the wider community. We have always prided ourselves on the positive contribution we make to Faversham and the communities our pubs support. Nevertheless, we are ever more mindful that over the coming years we must develop new ways to reduce carbon and waste to ensure our long-term success. We are working on plans to this effect.

SUPPLY CHAIN CHALLENGES

Consumer demand to return to the great British pub has never been in doubt and most customers have been delighted by the experience they have enjoyed.

However, our teams have battled throughout this re-opening phase with unforeseen staffing, supply chain and logistics challenges. At various times, we had temporary pub closures due to staff members being "pinged" by Test and Trace. This has compounded a pre-existing shortage of key hospitality workers. At other times, key supplies such as building materials, process gases such as CO2 or other key materials, have been in short supply or have been subject to material price inflation. However, our practice of supporting local suppliers where possible has enabled the Company to avoid some of the extreme shortages experienced by other operators.

Most suppliers have experienced severe logistics challenges due to shortages of HGV drivers, and in August 2021 we were threatened with industrial action affecting our logistics partner GXO (formerly XPO, formerly KNDL). Thankfully industrial action was averted, but this impacted supply for several weeks at a period of high demand, resulting in additional direct costs in the region of £0.25m.

Many have worked long hours to help the Company get back on its feet and trade successfully through these issues.

CURRENT TRADING

The start of the new financial year has been encouraging. Demand for food and accommodation, in particular, has been strong since July. Some consumers curtailed their going out as restrictions were extended from June in to July, but once they were lifted, demand accelerated in August and into September.

As schools returned, we saw a pickup in activity in our city-based pubs, and remain optimistic that they will recover in full in due course. Outside London, traditional pub trade is returning. At this stage, all the indications are that we will have a strong Christmas trading period.

For the 18 weeks from 27 June to 30 October, same outlet like-for-like sales in retail pubs were 91% of 2019[9] and up +37.0% vs 2020[9]. For the 9 weeks to 30 October, same outlet like-for-like sales in retail pubs were 99% of 2019[9] and up +26.4% vs 2020[9]. This is inclusive of the benefit of the temporary VAT reduction.

For the 13 weeks from 27 June to 25 September, same outlet like-for-like tenanted pub income was 93% of 2019[9] and up +26.2% vs 2020[9]. For the four weeks to 27 September, same outlet like-for-like tenanted pub income was 99% of 2019[9] and up +17.3% vs 2020[9]. For the 18 weeks to 30 October, total beer volume was 106% of 2019[9] and up +9.6% vs 2020[9]. Own beer volume was 93% of 2019[9] and up +1.6% vs 2020[9]. For the 9 weeks to 30 October, total beer volume was 104% of 2019[9] and up +15.4% vs 2020[9]. Own beer volume was 94% of 2019[9] and up +4.8% vs 2020[9].

POST YEAR END

The balance sheet position has been enhanced since the year end, through good trading and the sale of two hotels that no longer fit our portfolio.

We have sold The Royal Wells in Tunbridge Wells and the Conningbrook in Ashford, for total consideration of £5.75m. Both hotels rely on business trade and therefore have a different profile from our coastal hotels which target the leisure market. Our coastal hotels remain core to the operation and have performed very well since re-opening.

THE YEAR AHEAD

We enter the winter months with a degree of caution after the turmoil of the last year when the second wave of COVID-19 took hold. But the vaccination programme appears to have been a success and has given consumers the underlying confidence to re-connect again. Clearly we hope that there will be no further requirement for lockdowns, nor the introduction of any other restrictions that impact hospitality but not other non-essential retail.

We remain confident about demand, but the inflation outlook is much less certain, as we anticipate on-going price rises from various vendors and skills shortages in parts of the supply chain. We anticipate materially higher costs in freight, logistics, input prices and energy. We are working hard to ensure that our customers remain supplied and that we mitigate as much cost pressure as possible, but anticipate these cost pressures will continue for a while yet.

Assuming that we do not experience further disruption, our plan is to run the business as tightly as possible, throughout the rest of the financial year, to generate free cash and so restore leverage back to the pre-pandemic lower levels. In due course we aim to resume our prior levels of inward investment in the business and restore a dividend.

SUMMARY

We have a great business platform and the balance sheet remains strong. We can now look forward to 2022 with optimism and, with every day that passes, confidence grows that we can not only recover lost ground, but recover well, unlock growth opportunities and release the full potential of the business.

We have identified many opportunities to develop our beer and pubs businesses further. With the work that we are putting in to develop our marketing and brand partnerships, and the strength of our pub business, we feel increasingly confident that we will bounce back strongly and achieve full recovery to prior levels over the next two years.

Many parts of the economy have taken a battering from the pandemic, in particular hospitality, but the housebuilding and Infrastructure development that has been a feature of the Kent economy now for a number of years, has continued unabated. Thus we see many opportunities arising in coming years for transformational pub developments.

A BIG THANK YOU

Our teams have demonstrated that they are extremely resilient, resourceful and entrepreneurial people. Many have worked long hours, but with great enthusiasm, to help the Company get back on its feet and trade successfully through these issues. That can-do attitude is recognised by suppliers and customers alike, and will undoubtedly lead us to a successful future. The spirit of Shepherd Neame is alive and well.

As well as paying tribute to our team members, I would like to thank my Board colleagues and the senior management team for their wisdom, leadership and support; and in particular I thank Richard for his guidance and great personal encouragement.

Finally I would like to thank our customers and shareholders for their support in helping us through this crisis.

JONATHAN NEAME

Chief Executive

GROUP INCOME STATEMENT 52 weeks ended 26 June 2021

		52 weeks to 26 June 2021			52 weeks to 27 June 2020 Restated		
	note	**Underlying results £'000**	**Items excluded from underlying results £'000**	**Total statutory £'000**	Underlying results £'000	Items excluded from underlying results £'000	Total statutory £'000
Revenue	1,2	**86,884**	**-**	**86,884**	118,207	-	118,207
Other income		**2,839**	**-**	**2,839**	450	-	450
Operating charges		**(93,963)**	**(6,307)**	**(100,270)**	(117,142)	(17,515)	(134,657)
Operating (loss)/profit	1	**(4,240)**	**(6,307)**	**(10,547)**	1,515	(17,515)	(16,000)
Net finance costs		**(5,817)**	**(471)**	**(6,288)**	(5,155)	(185)	(5,340)
Fair value movements on financial instruments charged to profit and loss		**-**	**115**	**115**	-	35	35

Total net finance costs		**(5,817)**	**(356)**	**(6,173)**	(5,155)	(150)	(5,305)
Profit on disposal of property	3	**-**	**221**	**221**	-	274	274
Investment property fair value movements	3	**-**	**87**	**87**	-	50	50
Loss before taxation		**(10,057)**	**(6,355)**	**(16,412)**	(3,640)	(17,341)	(20,981)
Taxation	4	**1,868**	**(3,247)**	**(1,379)**	449	1,141	1,590
Loss after taxation		**(8,189)**	**(9,602)**	**(17,791)**	(3,191)	(16,200)	(19,391)
Loss per 50p ordinary share	6						
Basic				**(120.5)p**			(131.6)p
Diluted				**(120.5)p**			(131.6)p

All results are derived from continuing activities.

GROUP STATEMENT OF COMPREHENSIVE INCOME 52 weeks ended 26 June 2021

	52 weeks ended 26 June 2021	52 weeks ended 27 June 2020
	£'000	£'000
Loss after taxation	**(17,791)**	(19,391)
Items that may be reclassified subsequently to profit and loss:		
Gains/(losses)arising on cash flow hedges during the period	**1,605**	(96)
Income tax relating to these items	**(166)**	123
Items that will not be reclassified subsequently to profit and loss:		
Unrealised gain on revaluation of property	**31**	17
Other comprehensive gains	**1,470**	44
Total comprehensive loss	**(16,321)**	(19,347)

GROUP STATEMENT OF FINANCIAL POSITION

As at 26 June 2021

	Group 26 June 2021	Restated Group 27 June 2020	Restated Group 29 June 2019
	£'000	£'000	£'000
Non-current assets			
Goodwill and intangible assets	**328**	674	760
Property, plant and equipment	**285,063**	297,297	302,541
Investment properties	**6,068**	8,811	8,309
Other non-current assets	**5**	5	10
Right-of-use assets	**47,311**	46,262	58,037
	338,775	353,049	369,657
Current assets			
Inventories	**7,320**	8,230	7,111
Trade and other receivables	**15,360**	10,329	13,570
Cash and cash equivalents	**5,560**	9,807	-
Assets held for sale	**2,419**	850	485
	30,659	29,216	21,166
Current liabilities			
Trade and other payables	**(26,383)**	(27,846)	(22,827)
Borrowings	**(1,600)**	(94,262)	(2,082)
Income tax payable	**-**	-	(269)

Lease liabilities	**(5,100)**	(5,360)	(3,953)
	(33,083)	(127,468)	(29,131)
Net current liabilities	**(2,424)**	(98,252)	(7,965)
Total assets less current liabilities	**336,351**	254,797	361,692
Non-current liabilities			
Lease liabilities	**(53,226)**	(50,500)	(52,604)
Borrowings	**(94,765)**	-	(81,160)
Derivative financial instruments	**(5,414)**	(7,107)	(6,822)
Provisions	**(498)**	(498)	-
Deferred tax liabilities	**(13,101)**	(11,456)	(12,990)
	(167,004)	(69,561)	(153,576)
Net assets	**169,347**	185,236	208,116
Capital and reserves			
Share capital	**7,429**	7,429	7,429
Share premium account	**1,099**	1,099	1,099
Revaluation reserve	**31**	17	-
Own shares	**(1,010)**	(1,328)	(1,551)
Hedging reserve	**(3,524)**	(4,963)	(4,990)
Retained earnings	**165,322**	182,982	206,129
Total equity	**169,347**	185,236	208,116

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 52 weeks ended 26 June 2021

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Own shares £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Balance at 29 June 2019	**7,429**	**1,099**	**71,858**	**(1,551)**	**(4,990)**	**134,252**	**208,097**
Changes on transition to IFRS	-	-	(71,858)	-	-	71,877	19
Balance at 29 June 2019 as restated	**7,429**	**1,099**	**-**	**(1,551)**	**(4,990)**	**206,129**	**208,116**
Loss for the financial year	-	-	-	-	-	(19,391)	(19,391)
Losses arising on cash flow hedges during the year	-	-	-	-	(96)	-	(96)
Gains on revaluation of property, plant and equipment	-	-	17	-	-	-	17
Tax relating to components of other comprehensive income	-	-	-	-	123	-	123
Total comprehensive income/(loss)	**-**	**-**	**17**	**-**	**27**	**(19,391)**	**(19,347)**
Ordinary dividends paid	-	-	-	-	-	(3,573)	(3,573)
Accrued share-based payments	-	-	-	-	-	317	317
Purchase of own shares	-	-	-	(290)	-	-	(290)
Distribution of own shares	-	-	-	353	-	(340)	13
Unconditionally vested share awards	-	-	-	160	-	(160)	-
Balance at 27 June 2020 as restated	**7,429**	**1,099**	**17**	**(1,328)**	**(4,963)**	**182,982**	**185,236**
Loss for the financial year	-	-	-	-	-	(17,791)	(17,791)
Gains arising on cash flow hedges during the year	-	-	-	-	1,605	-	1,605
Gains on revaluation of property, plant and equipment	-	-	31	-	-	-	31
Tax relating to components of other comprehensive income	-	-	-	-	(166)	-	(166)
Total comprehensive income/(loss)	**-**	**-**	**31**	**-**	**1,439**	**(17,791)**	**(16,321)**
Revaluation reserve realised on disposal of properties	-	-	(17)	-	-	17	-
Accrued share-based payments	-	-	-	-	-	428	428
Distribution of own shares	-	-	-	125	-	(121)	4

Unconditionally vested share awards	-	-	-	193	-	(193)	-
Balance at 26 June 2021	**7,429**	**1,099**	**31**	**(1,010)**	**(3,524)**	**165,322**	**169,347**

GROUP STATEMENT OF CASH FLOWS 52 weeks ended 26 June 2021

		52 weeks ended 26 June 2021		Restated 52 weeks ended 27 June 2020
	£'000	**£'000**	£'000	£'000
Cash flows from operating activities (note 7)				
Cash generated from operations	**1,630**		19,182	
Income taxes received/(paid)	**195**		(185)	
Net cash generated by operating activities		**1,825**		18,997
Cash flows from investing activities				
Proceeds from disposal or property, plant and equipment and investment properties	**4,526**		1,752	
Purchase of property, equipment and lease premiums	**(3,878)**		(12,025)	
Purchase of intangible assets	**-**		(92)	
Customer loan redemptions	**1**		2	
Acquisition of subsidiaries	**-**		(151)	
Net cash used in investing activities		**649**		(10,514)
Cash flows from financing activities				
Dividends paid	**-**		(3,573)	
Interest paid	**(4,796)**		(3,211)	
Payment of principal portion of lease liabilities	**(3,930)**		(2,533)	
Proceeds from borrowings	**2,000**		13,000	
Purchase of own shares	**-**		(290)	
Share option proceeds	**5**		13	
Net cash generated by financing activities		**(6,721)**		3,406
Net movement in cash and cash equivalents		**(4,247)**		11,899
Cash and cash equivalents at beginning of the period		**9,807**		(2,082)
Cash and cash equivalents at end of the period		**5,560**		9,807

NOTES TO THE ACCOUNTS 26 June 2021

1 Segmental reporting

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the Chief Operating Decision Maker (CODM).

The Group has three operating segments, which are largely organised and managed separately according to the nature of the products and services provided and the profile of their customers:

- Brewing and Brands which comprises the brewing, marketing and sales of beer and other products;
- Retail Pubs; and
- Tenanted Pubs which comprises pubs operated by third parties under tenancy or tied lease agreements.

Transfer prices between operating segments are set on an arm's-length basis.

As segment assets and liabilities are not regularly provided to the CODM, 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 26 June 2021	Brewing and Brands £'000	Retail Pubs £'000	Tenanted Pubs £'000	Unallocated £'000	Total £'000
Revenue and other income	**42,018**	**29,907**	**16,748**	**1,050**	**89,723**

Underlying operating (loss)/profit	(1,287)	983	2,343	(6,279)	(4,240)
Items excluded from underlying results	-	(4,816)	(562)	(929)	(6,307)
Divisional operating (loss)/profit	**(1,287)**	**(3,833)**	**1,781**	**(7,208)**	**(10,547)**

Net underlying finance costs	**(5,817)**
Finance costs excluded from underlying results	**(471)**
Fair value movements on ineffective elements of cash flow hedges	**115**
Profit on disposal of property	**221**
Investment property fair value movements	**87**
Loss before taxation	**(16,412)**

Other segment information

Capital expenditure - tangible and intangible assets	779	1,494	847	123	**3,243**
Depreciation and amortisation pre IFRS 16	1,662	3,280	2,698	386	**8,026**
Depreciation and amortisation	1,752	4,629	4,248	481	**11,110**
Impairment of property, plant and equipment, goodwill and assets held for sale	-	3,407	352	331	**4,090**
Impairment of right-of-use assets	-	1,409	210	-	**1,619**
Underlying divisional EBITDA pre IFRS 16	449	2,855	5,150	(5,732)	**2,722**
Underlying divisional EBITDA	546	6,184	6,616	(5,636)	**7,710**
Number of pubs	-	65	235	10	**310**

52 weeks ended 27 June 2020	Brewing and Brands £'000	Retail Pubs £'000	Tenanted Pubs £'000	Unallocated £'000	Total £'000
Revenue and other income	**41,594**	**50,642**	**25,181**	**1,240**	**118,657**
Underlying operating (loss)/profit	(249)	2,872	6,957	(8,065)	1,515
Items excluded from underlying results	-	(12,297)	(3,291)	(1,927)	(17,515)
Divisional operating (loss)/profit	**(249)**	**(9,425)**	**3,666**	**(9,992)**	**(16,000)**

Net underlying finance costs	**(5,155)**
Finance costs excluded from underlying results	**(185)**
Fair value movements on ineffective elements of cash flow hedges	**35**
Profit on disposal of property	**274**
Investment property fair value movements	**50**
Loss before taxation	**(20,981)**

Other segment information

Capital expenditure - tangible and intangible assets	1,126	6,730	3,984	720	**12,470**
Depreciation and amortisation pre IFRS 16	1,702	3,413	2,712	528	**8,355**
Depreciation and amortisation	1,793	5,430	3,968	625	**11,816**
Impairment of property, plant and equipment, goodwill and assets held for sale	-	5,556	1,150	483	**7,189**
Impairment of right-of-use assets	-	6,741	2,141	-	**8,882**
Underlying divisional EBITDA pre IFRS 16	1,459	5,998	9,713	(7,495)	**9,675**
Underlying divisional EBITDA	1,571	8,382	10,989	(7,392)	**13,550**
Number of pubs	-	69	234	16	**319**

Net underlying finance costs include IFRS16 related interest costs of £1,285,000 (2020: £1,298,000) meaning pre IFRS 16 net finance costs were £4,532,000 (2020: £3,857,000).

Geographical information

An analysis of the Group's revenue by geographical market is set out below:

	52 weeks ended 26 June 2021	52 weeks ended 27 June 2020
	£'000	£'000

Revenue		
UK	**84,606**	116,083
Rest of the World	**2,278**	2,124
	86,884	118,207

2 Revenue

An analysis of the Group's revenue by category is as follows:

	52 weeks ended 26 June 2021 £'000	52 weeks ended 27 June 2020 £'000
Sale of goods and services[1]	**83,707**	111,568
Rental income	**3,177**	6,639
Revenue	**86,884**	118,207

[1]Revenue includes £609,000 received from the Government under the Eat Out to Help Out Scheme.

3 Non-GAAP reporting measures

Certain items recognised in reported profit or loss before tax can vary significantly from year to year and therefore create volatility in reported earnings which does not reflect the underlying performance of the Group. The Directors believe that 'underlying operating profit', 'underlying profit before tax', 'underlying basic earnings per share', 'underlying earnings before interest, tax, depreciation, and amortisation' as presented provide a clear and consistent presentation of the underlying performance of the ongoing business for shareholders. Underlying profit is not defined by IFRS and therefore may not be directly comparable with the 'adjusted' profit measures of other companies. The adjusted items are:

- Profit or loss on disposal of properties;
- Investment property fair value movements;
- Operating and finance charges which are either material or infrequent in nature and do not relate to the underlying performance;
- Fair value movements on financial instruments charged to profit and loss; and
- Taxation impacts of the above (see note 4)

	52 weeks ended 26 June 2021 £'000	52 weeks ended 27 June 2020 £'000
Underlying EBITDA	**7,710**	13,550
Depreciation and amortisation	**(11,110)**	(11,816)
Free trade loan discounts	**-**	(3)
Loss on sale of assets (excluding property)	**(840)**	(216)
Underlying operating (loss)/profit	**(4,240)**	1,515
Net underlying finance costs pre IFRS 16	**(4,532)**	(3,857)
Net underlying finance costs	**(5,817)**	(5,155)
Underlying loss before taxation	**(10,057)**	(3,640)
Profit on disposal of properties	**221**	274
Investment property fair value movements	**87**	50
Separately disclosed operating charges:		
Impairment of intangible assets, properties, right-of-use assets and assets held for sale	**(5,709)**	(16,071)
Restructuring costs	**(709)**	-
Other operating charges excluded from underlying results	**111**	(1,444)
Separately disclosed finance costs:		
Cost related to putting in place CLBILS loan	**(201)**	(185)
Costs relating to the agreement of covenant waivers with our lenders	**(270)**	-
Fair value movements on financial instruments charged to profit and loss	**115**	35
Loss before taxation	**(16,412)**	(20,981)

Separately disclosed operating charges:

a) An impairment charge of £5,709,000 (2020: £16,071,000) in relation to 14 freehold properties and 17 right-of-use assets.

b) A charge of £709,000 in respect of restructuring costs.

c) A recovery of £111,000 in relation to previously disclosed unlawful activity carried out by an employee.

During the 52 weeks ended 27 June 2020, there was a one-off net charge of £946,000 relating to the correction of erroneous charges made against certain accounts as a result of unlawful action by one employee, acting independently.

In addition, there was a provision of £498,000 in respect of potential charges relating to an enquiry opened by HMRC relating to the provision of uniforms and training to employees.

Separately disclosed finance costs:

During the 52 weeks ended 26 June 2021, the Group incurred £471,000 of legal and professional fees associated with agreeing revised covenants and agreeing covenant waivers with our lenders, as well as fees associated with the CLBILS loan. These charges are offset by £115,000 credited in respect of the ineffective portion of the movement in fair value interest rate swaps.

The non-underlying finance charges for the 52 weeks ended 27 June 2020 comprise £185,000 for fees in relation to putting in place the CLBILS loan following the COVID-19 outbreak, offset by £35,000 credited in respect of the ineffective portion of the movement in fair value interest rate swaps.

4 Taxation

a Tax on loss

	52 weeks ended 26 June 2021			52 weeks ended 27 June 2020		
Tax charged to the Income Statement	**Underlying results £'000**	**Excluded from underlying results £'000**	**Total statutory £'000**	Underlying results £'000	Excluded from underlying results £'000	Total statutory £'000
Current income tax						
Current tax on loss for the year	**(37)**	**-**	**(37)**	(165)	(206)	(371)
Adjustments for current tax on prior periods	**(110)**	**47**	**(63)**	187	6	193
Total current income tax (credit)/charge	**(147)**	**47**	**(100)**	22	(200)	(178)
Deferred income tax						
Origination and reversal of timing differences	**(1,724)**	**(784)**	**(2,508)**	(280)	(2,575)	(2,855)
Change in corporation tax rate	**-**	**4,032**	**4,032**	-	1,634	1,634
Adjustments for current tax on prior periods	**3**	**(48)**	**(45)**	(191)	-	(191)
Total deferred tax (credit)/charge	**(1,721)**	**3,200**	**1,479**	(471)	(941)	(1,412)
Total tax (credited)/charged to the Income Statement	**(1,868)**	**3,247**	**1,379**	(449)	(1,141)	(1,590)

Tax charged to other comprehensive income		
Deferred tax		
Gains/(losses) arising on cash flow hedges in the period	**305**	(18)
Effect of increase in future rate of corporation tax	**(139)**	(105)
Total tax charged/(credited) to other comprehensive income	**166**	(123)

b Reconciliation of the total tax charge

	52 weeks ended 26 June 2021 £'000	52 weeks ended 27 June 2020 £'000	
Loss before income tax	**(16,412)**	(20,981)	12,119
Tax on Group loss at UK standard rate of corporation tax of 19.0% (2020: 19.0%)	**(3,118)**	(3,986)	**659**
Expenses not deductible for tax purposes	**(9)**	141	96
Profit on sale of property less chargeable gains	**582**	619	(310)
Effect of a change in tax rate	**4,032**	1,634	

Current and deferred tax (over)/under provided in previous years	**(108)**	2	15
Total tax charged/(credited) to the Income Statement	**1,379**	(1,590)	2,104

c Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced in the Budget on 3 March 2021, and substantively enacted on 24 May 2021. Therefore deferred tax assets and liabilities that are expected to reverse on or after 1 April 2023 have been calculated at the rate of 25% as at the reporting date.

There is no expiry date on timing differences.

5 Dividends

	52 weeks ended 26 June 2021 £'000	52 weeks ended 27 June 2020 £'000
Declared and paid during the year		
Final dividend for 2020: nil (2019: 24.21p) per ordinary share	**-**	3,573
Dividends paid	**-**	3,573

No interim dividends were paid during the period (2020: nil) and no final dividend has been proposed for approval at the Annual General Meeting due to the Board wishing to preserve cash for the long-term health of the Company and the terms and conditions of the new financing arrangements that prohibit payment of dividends by the Group whilst the CLBILS facility and alternative covenants remain in place.

Shares held by the Company (and not allocated to employees under the Share Incentive Plan) are treated as cancelled when calculating dividends and earnings per share.

6 Earnings per share

	52 weeks ended 26 June 2021 £'000	52 weeks ended 27 June 2020 £'000
Loss attributable to equity shareholders	**(17,791)**	(19,391)
Items excluded from underlying results	**9,602**	16,200
Underlying loss attributable to equity shareholders	**(8,189)**	(3,191)

	Number	Number
Weighted average number of shares in issue	**14,760**	14,733
Dilutive outstanding options	**-**	-
Diluted weighted average share capital	**14,760**	14,733

Loss per 50p ordinary share

Basic	**(120.5)p**	(131.6)p
Diluted	**(120.5)p**	(131.6)p
Underlying basic	**(55.5)p**	(21.7)p
Underlying basic pre IFRS 16	**(51.1)p**	(27.4)p

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

Diluted earnings per share have been calculated on a similar basis taking into account nil (2020: nil) dilutive potential shares, which excludes shares held by trusts in respect of employee incentive plans and options.

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

7 Notes to the cash flow statement

a Reconciliation of operating loss to cash generated by operations

	52 weeks ended 26 June 2021			52 weeks ended 27 June 2020		
	Underlying results	Excluded from underlying results	Total	Underlying results	Excluded from underlying results	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Operating loss	**(4,240)**	**(6,307)**	**(10,547)**	1,515	(17,515)	(16,000)
Adjustment for:						
Depreciation and amortisation	**11,110**	**-**	**11,110**	11,816	-	11,816
Impairment of property, plant and equipment	**-**	**3,628**	**3,628**	-	7,028	7,028
Impairment of intangible fixed assets	**-**	**328**	**328**	-	161	161
Impairment of right-of-use assets	**-**	**1,619**	**1,619**	-	8,882	8,882
Impairment of assets held for sale	**-**	**134**	**134**	-	-	-
Share-based payments expense	**428**	**-**	**428**	317	-	317
Decrease/(increase) in inventories	**910**	**-**	**910**	(1,119)	-	(1,119)
(Increase)/decrease in debtors and prepayments	**(5,280)**	**-**	**(5,280)**	3,141	-	3,141
(Decrease)/increase in creditors and accruals	**(870)**	**(678)**	**(1,548)**	3,843	884	4,727
Free trade loan discounts	**-**	**-**	**-**	3	-	3
Loss on sale of assets (excluding property)	**840**	**-**	**840**	216	-	216
Interest received	**3**	**-**	**3**	10	-	10
Income tax received/(paid)	**195**	**-**	**195**	(185)	-	(185)
Fair value movements on financial assets	**5**	**-**	**5**	-	-	-
Net cash inflow/(outflow) from operating activities	**3,101**	**(1,276)**	**1,825**	19,557	(560)	18,997

b Analysis of net debt

	June 2020	Cash flow	Reclassification of long-term loans	New loans	Non-cash	**June 2021**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Cash and cash equivalents	9,807	(4,247)	-	-	-	**5,560**
Debt due in less than one year	(94,262)	-	92,662	-	-	**(1,600)**
Debt due after more than one year	-	-	(92,662)	(2,000)	(103)	**(94,765)**
Net debt	(84,455)	(4,247)	-	(2,000)	(103)	**(90,805)**
Lease liabilities	(55,860)	3,930	-	-	(6,396)	**(58,326)**
Statutory net debt	(140,315)	(317)	-	(2,000)	(6,499)	**(149,131)**

8 Explanation of transition to IFRS

This is the first year the Group have presented their financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The last financial statements under FRS 102 were for the 52 weeks ended 27 June 2020 and the date of transition to IFRS was 29 June 2019.

Set out below are the FRS 102 to IFRS equity reconciliations for the Group at 29 June 2019, the Group's date of transition to IFRS, and 27 June 2020 (last financial statements prepared under FRS 102) and loss reconciliation for the 52 weeks to 27 June 2020.

First-time adoption

IFRS 1 First-time Adoption of IFRS allows companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the year of transition. The Group has elected to take the following key exemptions.

i) The carrying value of licensed freehold properties was previously based on the 2014 property revaluation on transition to FRS 102. As permitted, this valuation was not subsequently revised. IFRS 1 permits this carrying value to become the deemed cost of the licensed freehold properties. Accordingly, the FRS 102 revaluation reserve is transferred to retained earnings on the date of transition to IFRS.

ii) The carrying value of investments in subsidiaries under FRS 102 has been taken as the deemed cost at the date of transition to IFRS, which is permitted under IFRS 1.

iii) IFRS 2 Share-based Payments has not been applied to equity-settled share-based payments granted on or before 7 November 2002, nor has it been applied to share-based payments granted after 7 November 2002 that vested before the date of transition to IFRS standards.

iv) IFRS 3 Business Combinations has not been applied to business combinations that took place before transition to IFRS, but will be applied prospectively from 29 June 2019.

v) IFRS 16 Leasing has optional transitional reliefs and practical expedients permitted for first-time adopters of IFRS, which have been applied as follows:

• Determination of whether contracts existing at the date of transition contain leases based on an assessment of the facts and circumstances existing at that date, instead of determining retrospectively whether a contract contained a lease at the inception date of the lease.

• Recognition and measurement of lease liabilities and right-of-use assets at the date of transition to IFRS. The lease liability is discounted using the incremental borrowing rate at the date of transition to IFRS and the right-of-use asset is measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position immediately before the date of transition to IFRS. IAS 36 (impairment of assets) is applied to right-of-use assets at the date of transition to IFRS.

• The use of a single discount rate has been applied to each portfolio of leases with reasonably similar characteristics.

• Reliance on previous assessments of whether leases are onerous.

• The accounting for operating leases, with a remaining lease term of less than 12 months as at 29 June 2019, as short-term leases.

vi) IAS 23 Borrowing Costs has been applied from July 2018, as permitted for a first-time adopter.

The financial impacts on the Income Statement and Statement of Financial Position are highlighted below. Within the notes to the accounts, disclosures supporting a third balance sheet have been presented where there was a material adjustment on transition to IFRS.

The transition from FRS 102 to IFRS is in effect a change in the underlying accounting policies of the Group and there is no impact on the actual cash flows of the Group. However, due to the difference in treatment of electronic fund transfers, described in part 8b) below, there is a difference in the reported cash position under IFRS.

1) Goodwill

Under FRS 102, goodwill on acquisitions is capitalised and amortised over its useful economic life. Under IFRS, amortisation is no longer charged; instead goodwill is tested for impairment annually and again where indicators are deemed to exist. Goodwill is carried at cost less accumulated impairment losses.

The transitional provision to apply IFRS 3 prospectively means that there was no adjustment to the Group's IFRS opening Statement of Financial Position at 29 June 2019. The pre-tax impact for the 52 weeks ended 27 June 2020 is a reduction in operating charges of £117,000 due to reversal of goodwill amortisation.

2) Assets held for sale

Under FRS 102, any relevant assets that are to be disposed of were valued at cost net of depreciation and any provision for impairment, or fair value if investment property, prior to disposal. Under IFRS, assets and liabilities whose carrying amounts will be recovered principally by sale rather than continuing use are reclassified from property, plant and equipment or investment property to "assets held for sale". Any such properties are revalued to fair value less costs to sell upon reclassification.

There is no net impact on the Group's IFRS opening balance sheet at 29 June 2019 but there is a reclassification of £485,000 from Investment Properties to assets held for sale. The pre-tax impact for the 52 weeks ended 27 June 2020 is nil, however, there is a reclassification of £280,000 from loss on disposal to impairment charges due to impairment of a property at the time of reclassification to assets held for sale.

3) Leases

Under FRS 102, leases where the Group is lessee are treated as operating leases, where appropriate and rentals charged on a straight-line basis. On adoption of IFRS 16, the Group recognises lease liabilities in relation to leases which were previously classified as operating leases under FRS 102, using the cumulative catch-up approach. These liabilities are measured at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate (IBR) as at 29 June 2019. The IBR applied to the lease liabilities on 29 June 2019 was 2.19-2.99% depending on the category, the remaining length and location of the lease.

i. Adjustments recognised on adoption of IFRS 16:

	£'000
Operating lease commitments disclosed at 29 June 2019	69,974
Leases not previously treated as operating	3,456
Subtotal gross IFRS 16 liabilities recognised at 29 June 2019	73,430
Discount at transition	(16,873)
Lease liability recognised as at 29 June 2019	56,557

Of which:	
Current lease liability	3,953
Non-current lease liability	52,604
Lease liability recognised as at 29 June 2019	56,557

The associated right-of-use assets for leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 29 June 2019. Onerous lease provisions of £29,000 at 29 June 2019 have been offset against the right-of-use asset at the date of initial application, while £3,393,000 of previously recognised lease premiums have been reclassified to right-of-use assets.

The recognised right-of-use assets relate to the following types of asset:

	2021 £'000	2020 £'000	2019 £'000
Properties	46,717	45,794	57,540
Vehicles	548	442	440
Equipment	46	26	57
	47,311	46,262	58,037

ii. Adjustments recognised in the Statement of Financial Position

The Group's IFRS opening Statement of Financial Position at 29 June 2019 included the following adjustments in relation to leases:

• Right-of-use assets - increase by £58,037,000

• Other receivables - reduction by £663,000

• Lease liabilities - increase by £54,010,000

• Property, plant and equipment - reduction by £3,393,000

• Provisions - reduction by £29,000

There is no impact on the Group's IFRS opening Statement of Financial Position at 29 June 2019. The pre-tax impact for the

52 weeks ended 27 June 2020 is a decrease in operating charges of £415,000 due to reversal of rentals charged offset by increased depreciation, and an increase in finance costs of £1,298,000.

4) Impairment

Right-of-use assets are tested for impairment on the same basis as other properties, with the same discount rates used. However, the value in use is calculated excluding any rentals payable. The COVID-19 pandemic was deemed a trigger for impairment review at 27 June 2020, and consequently, the impairment of right of use assets increased the impairment provision under IFRS to £9,698,000.

There is no impact on the Group's IFRS opening Statement of Financial Position at 29 June 2019. The pre-tax impact for the 52 weeks ended 27 June 2020 is an increase in operating charges of £8,132,000, due to impairment of right-of-use assets. This is excluded from the Group's definition of underlying operating profit.

5) Expected credit losses

Under FRS 102, the bad debt provision is calculated on a specific basis per customer. Under IFRS, an "expected loss" impairment model applies, which requires a loss allowance to be recognised based on expected credit losses. The impact on the Group's IFRS opening Statement of Financial Position at 29 June 2019 is an increase of £23,000 due to the decrease in bad debt provision. The pre-tax impact for the 52 weeks ended 27 June 2020 is a decrease in operating charges of £18,000 due to the decrease in bad debt provision.

6) Government grants

Under FRS 102, grants related to income should be treated as other income. IAS 20 allows presentation of grants related to income as part of profit or loss as a deduction in reporting the related expense or inclusion as other income. The Group has elected to treat the Coronavirus Job Retention Scheme grant as a deduction to operating charges under IFRS. There is no impact on the Group's IFRS opening Statement of Financial Position at 29 June 2019. The pre-tax impact for the 52 weeks ended 27 June 2020 is nil but there is a reclassification of £4,962,000 from other income to credit operating charges.

7) Taxation

IFRS accounting adjustments have been tax-amended where appropriate. Under FRS 102, deferred tax is accounted for on the basis of taxable timing differences that have originated but not reversed at the Statement of Financial Position date. Under IFRS, the Statement of Financial Position method recognises current tax consequences of transactions and events and the future tax consequences of the future tax recovery or settlement of carrying amount of an entity's assets and liabilities. Under IFRS, the Statement of Financial Position method recognises current tax consequences of transactions and events and the future tax consequences of the future tax recovery or settlement of carrying amount of an entity's assets and liabilities. The Group's IFRS opening Statement of Financial Position at 29 June 2019 includes an increase in the net deferred tax liability of £4,000 arising from transition differences. For the 52 weeks ended 27 June 2020, the net difference in deferred tax liability under IFRS has decreased by £1,852,000 to a difference of £1,847,000. In addition, £613,000 relating to increased deferred tax on the revaluation reserve under FRS 102, is accordingly reclassified from tax relating to other comprehensive income to tax charged to the Income Statement.

There is not expected to be a material change to the Group's underlying tax rate as a result of the implementation of IFRS.

8) Reclassifications

a) Revaluation reserve

The Group has elected to treat the carrying values of properties as being at deemed cost at the date of transition to IFRS, as permitted by IFRS 1 First-time Adoption of IFRS. As a result, the historic revaluation reserve of £71,858,000 under FRS 102 has been reclassified as part of retained earnings in the Group's IFRS Statement of Financial Position at 29 June 2019. This does not affect distributable profits.

b) Cash received via electronic transfer as settlement for a financial asset

Cash received via an electronic transfer system for settlement of a financial asset is settled at a later date than when the payment is initiated by the payer. Under IFRS 9, the trade receivable with the customer should not be derecognised and the

cash should not be recognised until the transfer is settled. The impact on the Group's IFRS opening Statement of Financial Position Statement at 29 June 2019 is a reclassification of £1,265,000 from cash to trade receivables.

9) Presentational differences

a) Investment properties

IAS 1 requires that, when material, the aggregate amount of the entity's investment property should be presented in the Statement of Financial Position. The Group previously elected to present investment properties within tangible fixed assets. The investment property valuation of £8,309,000 at 29 June 2019 is now being reported separately from property, plant and equipment.

b) Current and deferred tax

IAS 1 requires presentation of current and deferred tax assets/liabilities in the Statement of Financial Position. The Group's IFRS opening Statement of Financial Position at 29 June 2019 therefore presents £296,000 income tax separately from trade and other payables; and also presents separately a net deferred tax liability of £12,986,000, being £14,044,000 deferred tax liabilities previously presented within provisions, offset by £1,058,000 deferred tax assets previously presented within current assets.

Prior year adjustment

In completing the transition to IFRS the group has identified two prior year adjustments which have been restated in the tables presented.

1) In the prior year Government grants received were shown as revenue in the consolidated profit and loss account. This has been restated to be shown as other income. There is no net impact on operating loss or loss after tax and no impact on net assets as a result of this restatement.

2) In the prior year the deferred tax assets and liabilities were shown gross, however, under FRS 102 (as for IFRS) given the circumstances related to these balances and the fact they relate to the same tax authority they are required to be shown net. This has no impact on the result for the period but reduces current assets by £1.35m and decreases net current liabilities by £1.35m. There is no impact on net assets or retained earnings as a result of this restatement.

The financial impact of the errors identified are as follows:

2020	FRS 102 Reported £'000	Restatement £'000	FRS 102 Restated £'000
Revenue	**123,619**	**(5,412)**	**118,207**
Other income	-	5,412	5,412
Operating charges	(131,757)	-	(131,757)
Operating loss	**(8,138)**	**-**	**(8,138)**

2020	FRS 102 Reported £'000	Restatement £'000	FRS 102 Restated £'000
Deferred tax asset	1,354	(1,354)	-
Deferred tax liability	(14,657)	1,354	(13,303)

2019	FRS 102 Reported £'000	Restatement £'000	FRS 102 Restated £'000
Deferred tax asset	1,058	(1,058)	-
Deferred tax liability	(14,044)	1,058	(12,986)

Group reconciliation of Income Statement for the 52 weeks ended 27 June 2020

	FRS 102 Restated £'000	Goodwill £'000	Assets held for sale £'000	Leases £'000	Impairment £'000	Expected credit loss £'000	Government Grants £'000	Taxation £'000	IFRS £'000
Revenue	**118,207**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**118,207**
Other income	5,412	-	-	-	-	-	(4,962)	-	450
Operating charges	(131,757)	117	(280)	415	(8,132)	18	4,962	-	(134,657)
Operating loss	**(8,138)**	**117**	**(280)**	**415**	**(8,132)**	**18**	**-**	**-**	**(16,000)**
Finance costs	(4,042)	-	-	(1,298)	-	-	-	-	(5,340)
Fair value movements on financial instruments charged to profit and loss	35	-	-	-	-	-	-	-	35
Net finance costs	(4,007)	-	-	(1,298)	-	-	-	-	(5,305)
(Loss)/profit on disposal of property	(6)	-	280	-	-	-	-	-	274
Investment property fair value movements	50	-	-	-	-	-	-	-	50

Loss before taxation	**(12,101)**	**117**	**-**	**(883)**	**(8,132)**	**18**	**-**	**-**	**(20,981)**
Taxation	351	-	-	168	1,688	(4)	-	(613)	1,590
Loss after taxation	**(11,750)**	**117**	**-**	**(715)**	**(6,444)**	**14**	**-**	**(613)**	**(19,391)**

Group reconciliation of Statement of Comprehensive Income for the 52 weeks ended 27 June 2020

	FRS 102 Restated	Goodwill	Assets held for sale	Leases	Impairment	Expected credit loss	Government Grants	Taxation	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Loss after taxation	**(11,750)**	**117**	**-**	**(715)**	**(6,444)**	**14**	**-**	**(613)**	**(19,391)**
Losses arising on cash flow hedges during the period	(96)	-	-	-	-	-	-	-	(96)
Revaluation gain	17	-	-	-	-	-	-	-	17
Tax relating to components of other comprehensive income	(490)	-	-	-	-	-	-	613	123
Other comprehensive (losses)/gains	**(569)**	**-**	**-**	**-**	**-**	**-**	**-**	**613**	**44**
Total comprehensive loss	**(12,319)**	**117**	**-**	**(715)**	**(6,444)**	**14**	**-**	**-**	**(19,347)**

Group reconciliation of equity as at 29 June 2019 (IFRS transition date)

	FRS 102 Restated	Goodwill	Assets held for sale	Leases	Expected credit loss	Reclass-ification	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Goodwill and intangible assets	760	-	-	-	-	-	760
Property, plant and equipment	305,934	-	-	(3,393)	-	-	302,541
Investment properties	8,794	-	(485)	-	-	-	8,309
Other non-current assets	10	-	-	-	-	-	10
Right-of-use assets	-	-	-	58,037	-	-	58,037
Total non-current assets	315,498	-	(485)	54,644	-	-	369,657
Current assets							
Inventories	7,111	-	-	-	-	-	7,111
Trade and other receivables	12,945	-	-	(663)	23	1,265	13,570
Cash and cash equivalents	116	-	-	-	-	(116)	-
Assets held for sale	-	-	485	-	-	-	485
Total current assets	20,172	-	485	(663)	23	1,149	21,166
Current liabilities							
Trade and other payables	(22,827)	-	-	-	-	-	(22,827)
Borrowings	(933)	-	-	-	-	(1,149)	(2,082)
Income tax payable	(269)	-	-	-	-	-	(269)
Lease liabilities	-	-	-	(3,953)	-	-	(3,953)
Total current liabilities	(24,029)	-	-	(3,953)	-	(1,149)	(29,131)
Net current liabilities	(3,857)	-	485	(4,616)	23	-	(7,965)
Total assets less current liabilities	311,641	-	-	50,028	23	-	361,692
Non-current liabilities							
Lease liabilities	(2,547)	-	-	(50,057)	-	-	(52,604)
Borrowings	(81,160)	-	-	-	-	-	(81,160)
Derivative financial instruments	(6,822)	-	-	-	-	-	(6,822)
Deferred tax liabilities	(12,986)	-	-	-	(4)	-	(12,990)
Provisions	(29)	-	-	29	-	-	-
Total non-current liabilities	(103,544)	-	-	(50,028)	(4)	-	(153,576)
Net assets	**208,097**	**-**	**-**	**-**	**19**	**-**	**208,116**
Capital and reserves							
Share capital	7,429	-	-	-	-	-	7,429

Share premium account	1,099	-	-	-	-	-	1,099
Revaluation reserve	71,858	-	-	-	-	(71,858)	-
Own shares	(1,551)	-	-	-	-	-	(1,551)
Hedging reserve	(4,990)	-	-	-	-		(4,990)
Retained earnings	134,252	-	-	-	19	71,858	206,129
Total equity	**208,097**	**-**	**-**	**-**	**19**	**-**	**208,116**

Group reconciliation of equity as at 27 June 2020

	FRS 102 Restated	Goodwill	Assets held for sale	Leases	Impairment	Expected credit loss	Taxation	Reclass-ification	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets									
Goodwill and intangible assets	557	117	-	-	-	-	-	-	674
Property, plant and equipment	299,702	-	-	(3,155)	750	-	-	-	297,297
Investment properties	9,661	-	(850)	-	-	-	-	-	8,811
Other non-current assets	5	-	-	-	-	-	-	-	5
Right-of-use assets	-	-	-	55,144	(8,882)	-	-	-	46,262
Total non-current assets	309,925	117	(850)	51,989	(8,132)	-	-	-	353,049
Current assets									
Inventories	8,230	-	-	-	-	-	-	-	8,230
Trade and other receivables	9,968	-	-	266	-	41	-	54	10,329
Cash and cash equivalents	9,861	-	-	-	-	-	-	(54)	9,807
Assets held for sale	-	-	850	-	-	-	-	-	850
Total current assets	28,059	-	850	266	-	41	-	-	29,216
Current liabilities									
Trade and other payables	(27,846)	-	-	-	-	-	-	-	(27,846)
Borrowings	(94,262)	-	-	-	-	-	-	-	(94,262)
Lease liabilities	-	-	-	(5,360)	-	-	-	-	(5,360)
Total current liabilities	(122,108)	-	-	(5,360)	-	-	-	-	(127,468)
Net current liabilities	(94,049)	-	850	(5,094)	-	41	-	-	(98,252)
Total assets less current liabilities	215,876	117	-	46,895	(8,132)	41	-	-	254,797
Non-current liabilities									
Lease liabilities	(2,693)	-	-	(47,807)	-	-	-	-	(50,500)
Derivative financial instruments	(7,107)	-	-	-	-	-	--	-	(7,107)
Provisions	(527)	-	-	29	-	-	-	-	(498)
Deferred tax liabilities	(13,303)	-	-	168	1,688	(9)	-	-	(11,456)
	(23,630)	-	-	(47,610)	1,688	(9)	-	-	(69,561)
Net assets	**192,246**	**117**	**-**	**(715)**	**(6,444)**	**32**	**-**	**-**	**185,236**
Capital and reserves									
Share capital	7,429	-	-	-	-	-	-	-	7,429
Share premium account	1,099	-	-	-	-	-	-	-	1,099
Revaluation reserve	70,409	-	-	-	-	-	613	(71,005)	17
Own shares	(1,328)	-	-	-	-	-	-	-	(1,328)
Hedging reserve	(4,963)	-	-	-	-	-	-	-	(4,963)
Retained earnings	119,600	117	-	(715)	(6,444)	32	(613)	71,005	182,982
Total equity	**192,246**	**117**	**-**	**(715)**	**(6,444)**	**32**	**-**	**-**	**185,236**

Group reconciliation of cash flows for the 52 weeks ended 27 June 2020

	FRS 102	Goodwill	Assets held for sale	Leases	Impairment	Expected credit loss	Reclass-Ification	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities	15,438	-	-	2,533	-	-	1,211	19,182
Cash generated from operations	(185)	-	-	-	-	-	-	(185)

Net cash generated by operating activities	15,253	-	-	2,533	-	-	1,211	18,997
Cash flows from investing activities								
Proceeds from disposal of property and equipment	1,752	-	-	-	-	-	-	1,752
Purchases of property, equipment and lease premiums	(12,025)	-	-	-	-	-	-	(12,025)
Purchase of intangible fixed assets	(92)	-	-	-	-	-	-	(92)
Customer loan redemptions	2	-	-	-	-	-	-	2
Acquisition of subsidiaries	(151)	-	-	-	-	-	-	(151)
Net cash used in investing activities	(10,514)	-	-	-	-	-	-	(10,514)
Cash flows from financing activities								
Dividends paid	(3,573)	-	-	-	-	-	-	(3,573)
Interest paid	(3,211)	-	-	-	-	-	-	(3,211)
Payments of principal portion of lease liabilities	-	-	-	(2,533)	-	-	-	(2,533)
Proceeds from borrowings	13,000	-	-	-	-	-	-	13,000
Purchase of own shares	(290)	-	-	-	-	-	-	(290)
Share option proceeds	13	-	-	-	-	-	-	13
Net cash generated by financing activities	5,939	-	-	(2,533)	-	-	-	3,406
Net movement in cash and cash equivalents	10,678	-	-	-	-	-	1,211	11,889
Cash and cash equivalents at beginning of the period	(817)	-	-	-	-	-	(1,265)	(2,082)
Cash and cash equivalents at end of the period	**9,861**	**-**	**-**	**-**	**-**	**-**	**(54)**	**9,807**

9 Accounts

The financial information for the period ended 26 June 2021 and the period ended 27 June 2020 does not constitute the Company's statutory accounts for those years.

Statutory accounts for the period ended 27 June 2020 have been delivered to the Registrar of Companies. The statutory accounts for the period ended 26 June 2021 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The auditor's report on the statutory accounts for 26 June 2021 is unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The auditor's report on the statutory accounts for 27 June 2020 was unqualified, did not contain statements under s498 (2) or (3) of the Companies Act 2006 although did draw attention, by way of emphasis, to a material uncertainty in relation to the Group's ability to comply with future covenants.

[1] Net debt comprises cash, bank overdrafts, lease liabilities and bank and other loans less unamortised loan fees.

[2] All comparatives are for the 52 weeks to 27 June 2020 and have been restated on an IFRS basis.

[3] Underlying operating loss before tax is operating loss excluding operating charges that are either material or infrequent in nature and do not relate to the underlying performance.

[4] The periods referred to are the comparative month(s) during the financial year 52 weeks to 29 June 2019.

[5] All figures quoted are inclusive of the benefit of the temporary VAT reduction.

[6] The periods referred to are the comparative month(s) during the financial year 52 weeks to 27 June 2020.

[7] The periods referred to are the comparative month(s) during the financial year 52 weeks to 26 June 2021.

[8] The periods referred to are the comparative month(s) during the financial year 52 weeks to 29 June 2019.

[9] The periods referred to are the comparative month(s) during the financial year 52 weeks to 27 June 2020 and 52 weeks to 26 June 2021.

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