



**STRICTLY EMBARGOED
UNTIL 7AM THURSDAY 30 JULY 2020**

FULLER, SMITH & TURNER P.L.C.
(“Fuller’s”, the “Group” or the “Company”)

Financial results for the 52 weeks ended 28 March 2020
A transformational year for a long-term business

Financial and Operational Indicators

- Revenue and other income from continuing operations up 3% to £333.0 million (2019: £324.7 million)
- Pre IFRS 16 profit before tax for total Group operations of £174.5 million (2019: £26.1 million). Statutory profit before tax for total Group operations of £166.2 million
- Basic earnings per share pre IFRS 16 for total Group operations of 305.86p (2019: 35.12p)
- Good performance from Managed Pubs and Hotels pre coronavirus with like for like sales¹ growth of 2.3% for the 49 weeks to 7 March 2020 (2019: +4.9%) – ahead of the industry average
- Like for like growth in all areas of the business – drinks sales up 1.7%, food sales up 1.9% and accommodation sales up 5.9% for the 49 weeks to 7 March 2020
- Steady performance from Tenanted Inns – like for like profits² declined 3% (2019: +1%) in a tough trading environment
- Net debt pre IFRS 16 reduced by £66.3 million to £178.9 million at year end
- Strong returns to shareholders during the year, equating to £1.33 per ‘A’ ordinary share
- £162.4 million profit from the sale of the Fuller’s Beer Business
- Impact of coronavirus on 2019/20 trading is estimated in excess of £10 million
- Entire pubs and hotels portfolio closed post government coronavirus directive from 20 March 2020 – phased reopening started 4 July with 163 Managed Pubs and Hotels and almost all Tenanted Inns open as of today.

¹ Managed Pubs and Hotels like for like sales excludes The Stable

² Operating profit before separately disclosed items and head office costs

Strategy Update

- Completed the sale of the Fuller's Beer Business to Asahi Europe Ltd for the enterprise value of £250 million in April 2019
- Acquired Cotswold Inns & Hotels for an enterprise value of £40 million – seven stunning freehold sites that are a great addition to our portfolio
- Returned £69 million to shareholders
- Voluntary contribution of £24 million to the defined benefit pension scheme
- Completed the Transitional Services Agreement with Asahi in April 2020
- Purchased Pier House – a new freehold office for our support centre in our Chiswick heartland
- Opened The Windjammer at Royal Docks, a new build site, and The Bear of Burton near Christchurch, Dorset – an outstanding pub with rooms
- Sold the freehold of The Castle, Acton for £10.3 million.

Current Trading and Outlook

- Over 75% of Managed Pubs and Hotels and almost all Tenanted Inns already reopened
- Too early to draw meaningful conclusions for the longer term, but comfortable with current levels of trade
- Issued £100 million of commercial paper through the Bank of England Covid Corporate Financing Facility
- Completed the integration of Cotswold Inns & Hotels and Bel & The Dragon
- Completed the sale of The Stable to Three Joes.

Commenting on the results, Chief Executive Simon Emeny said: "When we released our interim statement in December 2019, we were on track to finish the financial year in a good position having received the proceeds from the sale of the Fuller's Beer Business and with a clear future path laid out before us. It had been a transformational year for Fuller's – but we would never have anticipated that we would end it in March with the whole hospitality industry in a state of closure and with no income stream.

"Against this backdrop, it is easy to forget that the financial year started in April 2019 with the sale of the Fuller's Beer Business to Asahi Europe Ltd for an enterprise value of £250 million, followed in October 2019 by the acquisition of Cotswold Inns & Hotels – seven stunning hotels in the heart of the Cotswolds – from existing bank facilities. The decision to sell the Fuller's Beer Business at that time has proved fortuitous and ensured we were in a strong position, with substantial liquidity headroom, when the coronavirus pandemic struck.

"While it is still early days, it is pleasing to see our teams welcoming guests back and we have taken a range of actions and measures to ensure our pubs are safe and inviting. The first stage of our three stage plan saw 27 pubs open on 4 July 2020 and another 136 since – meaning over 75% of our Managed Pubs and Hotels are now open. Almost all our Tenanted Inns have also reopened. While it is too early to draw any meaningful conclusions, we are comfortable with the level of trade and we continue to monitor footfall in those areas where our pubs are not yet open.

"While we are prepared for business, particularly in London, to take some time to return to normal, we are well placed to satisfy the uptick in demand for staycations as many customers holiday closer to home – an opportunity we are supporting with marketing activity for our *Beautiful Bedrooms*. We continue to focus on minimising cash burn and returning to profitability. During August, we will gradually reintroduce rent for Tenants – but on a tapered basis to help with their own return to sustainable trading levels.

"In these uncertain times, it is challenging to accurately predict the future. But having begun reopening our pubs nearly four weeks ago, it is encouraging to see customers returning to our pubs and this steady growth in consumer confidence will be the key to success – not just of our Company or our industry but the economy as a whole. We have a well-balanced estate geographically and that, combined with a freehold asset base and the calibre of our people, puts us in a stronger position than many to build towards sustained profitability in this full year and a strong start to the FY2022 financial year.

"A freehold approach is a fundamental foundation of our long-term business. It is not always fashionable, but yet again it underpins our ability to survive the toughest of times. We are proud to be 175 years old this year and with our balanced and well-invested estate, prudent approach to finance and amazing team of dedicated people, we will still be here for generations to come."

-Ends-

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Notes to Editors:

Fuller, Smith & Turner PLC is the premium pubs and hotels business that is famous for beautiful and inviting pubs with delicious, fresh food, a vibrant and interesting range of drinks, and engaging service from passionate people. Fuller's has 215 Managed Pubs, with 1,028 boutique bedrooms, and 177 Tenanted Inns. The estate is predominately located in the South of England (44% of sites are within the M25) and stretches from our City of London heartland to the Jurassic Coast via the New Forest. Our Managed Pubs and Hotels include 15 iconic Ale & Pie pubs, seven stunning hotels in the Cotswolds and Bel & The Dragon – six exquisite country inns located in the Home Counties. In summary, Fuller's is the home of great pubs, outstanding hospitality and passionate people, where everyone is welcome and leaves that little bit happier than they arrived.

Photography is available from the Fuller's Press Office by email at pr@fullers.co.uk.

Copies of this statement, the Annual Report and results presentation will be available on the Company's website, www.fullers.co.uk. The presentation will be available from 12 noon on 30 July 2020.

FULLER, SMITH & TURNER P.L.C.
FINANCIAL RESULTS FOR THE 52 WEEKS ENDED 28 MARCH 2020

CHAIRMAN'S STATEMENT

The last financial year has been truly transformational for Fuller's – in more ways than we could have imagined. It started with the sale of the Fuller's Beer Business to Asahi Europe Limited for the enterprise value of £250 million and culminated with the entire estate temporarily closed to our customers and the whole country in a state of lockdown. Against this backdrop, your Company delivered a solid performance and is well-prepared as we start to reopen our premium pubs and hotels.

As a focused pubs and hotels business, we have had a good year delivering £333 million in revenue and other income and £19.7 million of adjusted profit before tax³. This includes the detrimental impact of the closure of the business during the last month of trading. Prior to the closure of the business, the year to date financial performance was in line with the Board's expectations and the final quarter was delivering positive results and strong progress. Profit before tax⁴ was £174.5 million including the profit on the sale of the Fuller's Beer Business.

On a like for like basis, our pubs again outperformed the industry with sales rising by 2.3% to 7 March 2020, when we started to see significant financial impact as our customers stayed at home due to the coronavirus outbreak.

Our Balance Sheet remains strong at the reporting date, supported by a predominately freehold estate and significant levels of liquidity. This has been achieved by successive generations of management, who have stuck to their long-term focus and have built the foundations of the business patiently and carefully to withstand financial shocks, however they are caused. This position has been enhanced by the Company being assessed as Investment Grade by our lenders, which has enabled us to access the Bank of England's Covid Corporate Financing Facility, under which we have issued £100 million of commercial paper to free up capacity in the Company's revolving credit facilities. We have also agreed amendments to our lending covenants in light of the coronavirus pandemic.

The acquisition of Cotswold Inns & Hotels in October 2019 added 201 bedrooms to our estate, taking us above the 1,000 mark for the first time. These seven stunning country sites are a wonderful fit with our existing pubs and hotels, and we will be able to learn from their expertise in large scale weddings and corporate events.

Our Tenanted Inns have not had an easy year, trading against a very strong prior year that was bolstered by the World Cup and amazing summer weather. We have a new

³ Profit before tax before separately disclosed items and IFRS 16 for continuing operations

⁴ Profit before tax for total Group, pre IFRS 16

leader in this part of the business, Iain Rippon, and the expertise he brings from his previous roles in the leased and tenanted sector are already making a real difference.

During the year, Richard Fuller – who has been a member of the Fuller's team for over 35 years – stepped down from his role as Corporate Affairs Director but remains on the Main Board in a Non-Executive capacity. I would like to thank him for his contribution, in particular his extremely successful 17 years as Sales Director, and I look forward to continuing to work closely with Richard in the future. We were also delighted to welcome Robin Rowland to our Board. Robin is a hospitality industry legend and I cannot think of a time when his experience, energy and vision will be more appropriate and appreciated. As reported at the half year, Jonathon Swaine and Peter Swinburn stepped down and we welcomed Fred Turner to the Main Board as Retail Director. We were very pleased when Adam Councill joined us as Finance Director in August.

Throughout the recent crisis, Simon Emeny and his Executive Team have shown incredible leadership – not just for Fuller's, but in promoting the case for government support across the industry. I would also like to pay tribute to the 5,000 team members across the business, and to all our Tenants, who have shown great understanding in these difficult times. I am proud to be your Chairman and I thank you all for your support.

Fuller's celebrates 175 years this year. While it may not feel like a time for celebrations today, we have survived global recessions, world wars, the devastating Spanish Flu epidemic and all manner of unexpected events during our history. Fuller's is a company with time on its side and our long-term vision has never been more relevant. Your Company is in a position of strength as we exit lockdown.

DIVIDEND

As previously disclosed, we have taken the decision not to propose a final dividend in light of the temporary closure of the estate. However, during the year the Company has returned £69 million to shareholders – the equivalent of £1.25 per 'A' ordinary share – in relation to the sale of the Fuller's Beer Business as well as paying an interim dividend of 7.80p per 'A' and 'C' ordinary share and 0.78p per 'B' ordinary share.

This is the first time in over 70 years that there has been a reduction in total dividend – although the monies returned to shareholders during the year are the highest they have ever been. These are extraordinary and unprecedented times and the Board felt it was prudent not to propose a final dividend. I thank all our shareholders for their understanding in these difficult circumstances and look forward to our normal progressive dividend policy returning in due course.

Michael Turner
Chairman
30 July 2020

CHIEF EXECUTIVE'S REVIEW

When we released our interim statement in December 2019, we were on track to finish the financial year in a good position having received the proceeds from the sale of the Fuller's Beer Business and with a clear future path laid out before us. It had been a transformational year for Fuller's – but we would never have anticipated that we would end it in March with the whole hospitality industry in a state of closure and with no income stream.

We have to deal with the spectre of coronavirus before we can move on to review the rest of the year. The impact on our pubs was severe and started in the second week of March. There was a marked shift in consumer behaviour, and we took the decision to close the most affected pubs during the week commencing 16 March 2020, guaranteeing all wages for at least the ensuing fortnight. On Friday 20 March 2020 we, along with the rest of the hospitality industry, were instructed to close our estate completely by the Prime Minister – which we duly did.

I would like to thank the Government for the speed with which it provided support for furloughed employees and the subsequent additional measures such as the VAT reduction. We took an early decision to cancel commercial rent for our Tenants and we implemented a strategy that focused on being fair to all, be they team members, Tenants, customers or suppliers, and we engaged with all our stakeholders.

Among our initial actions, we furloughed 99% of our eligible team members, our Main Board and Executive Team volunteered to take temporary pay cuts of 25% and 20% respectively, and we engaged with our banks to ensure their continued support in maintaining our high level of liquidity should the enforced closure be in place for several months. We also took the decision not to propose a full year dividend, to further preserve our cash reserves. Since then, we have renegotiated our financial arrangements and worked on a plan that ensured we started to reopen in the strongest possible position, with our teams ready and raring to go.

Against this backdrop, it is easy to forget that the financial year started in April 2019 with the sale of the Fuller's Beer Business to Asahi Europe Ltd for an enterprise value of £250 million, followed in October 2019 by the acquisition of Cotswold Inns & Hotels – seven stunning hotels in the heart of the Cotswolds – from existing bank facilities. The decision to sell the Fuller's Beer Business at this time has proved fortuitous and ensured we were in a strong position, with substantial liquidity headroom, when the coronavirus pandemic struck. We also made a voluntary £24 million contribution to the defined benefit pension scheme in the second half of the year, reducing our pension deficit to just £4.7 million at the year end.

The sale gave us an opportunity to build on the most profitable elements of our business – our premium pubs and hotels. With this focus, we restructured our Executive Team,

honed our vision and strategy, and invested in Pier House, an outstanding new home for our support team in our Chiswick heartland on the banks of the River Thames at Strand-on-the-Green. We also took the decision to impair the goodwill recognised on the acquisition of The Stable Pizza & Cider business, which we subsequently sold to Three Joes.

Both Bel & The Dragon and Cotswold Inns & Hotels have now been fully integrated, reducing head office costs across the business, and in April 2020 we completed the Transitional Services Agreement ("TSA") with Asahi. The Enterprise Resource Planning ("ERP") system was bedded in, we had replaced some old legacy IT systems with a cloud-based solution and all pub General Managers and support centre team workers had been migrated to Office 365. We also started the process of identifying a new finance system, suitable for a focused premium pubs and hotels business.

At the beginning of March 2020, we were trading in line with expectations and had just opened two fantastic new freehold sites. In Christchurch, Dorset, we completed the £2 million transformational refurbishment of The Bear of Burton, and we opened The Windjammer – a stunning new site over two floors with views across the river, overlooking the Thames Barrier in Royal Docks.

Our capital refurbishment programme was on track, with new schemes at a number of pubs including The Mayfly on the River Test near Stockbridge, and we were on site at The White Horse in Wembley, where we were due to open in June for the Euro 2020 championships. We were about to go on site at The Coach & Horses in Soho and The Trinity in Borough. Finally, we had also just sold the freehold of The Castle in North Acton for £10.3 million to the company redeveloping this whole area, but with a licence to continue to operate it for the next 12 months.

In summary, the business was in great shape and perfectly poised to start the new financial year with all elements primed and ready to go.

While our long-term goals remain the same, our objectives in the short and medium term have had to adjust to the current trading environment. Our immediate priority is to minimise our cash burn, while steadily building trade, as we reopen our estate. In the medium term, we are learning from the earlier openings and monitoring footfall in those areas where pubs are still closed – especially Central London and the City. In addition, we have accelerated a number of digital initiatives such as order and pay at table and using wifi logins as a way of capturing data in support of the NHS *Test & Trace* scheme.

Looking to the future, we are in a strong position. Fuller's has always taken decisions for the long term and our predominately freehold estate, coupled with low levels of debt, ensure we can withstand the impact of coronavirus. The sale of the Fuller's Beer Business gives us the financial resources to continue to invest in the estate and take advantage of any suitable opportunities that may arise. This hiatus in trading as a result of coronavirus presented a unique opportunity to review the whole business and ensure we are in the best possible position to take advantage of future growth opportunities.

But that is the future – and as we head into that future, we do so on the back of solid trading for the full year to mid-March 2020 and some great initiatives that we have been delivering across the business. We kept our pubs and our people match fit during lockdown and we have already started the journey to fully reopen our pub estate.

MANAGED PUBS AND HOTELS

Our Managed Pubs and Hotels have had a solid year with revenue rising 2% (5.8% to week 49) to £299.6 million (2019: £293.8 million). Pre coronavirus like for like sales grew by 2.3% (2019: 4.9%) for the 49 weeks to 7 March 2020 and, for another year, we have outperformed the industry⁵. We have also continued our rolling investment programme to ensure our pubs maintain their premium position.

These results are delivered against the continual pressure of rising costs – through further increases in the National Living Wage, pension costs and the excessive cost of business rates. We hope that, in light of the impact of the coronavirus pandemic on the hospitality sector, the Government will take the economic cost of the crisis into account when setting wage rates and will press ahead with its reforms of the outdated business rates system.

Putting our people at the heart

During the year, we took a holistic view of the way we recruit, develop and retain our people, which resulted in a new *Designed for Life* career pathway. This aims to put a stronger focus on in-role leadership.

Through a combination of online learning workshops and bespoke training programmes for all levels, the training journey for any Fuller's employee is tailored to the individual – from a new core induction right through to a degree level apprenticeship in operational leadership. We were delighted to see our commitment to apprenticeships at all levels recognised when we took the award for *Best Apprenticeship Programme* at the Bll's *National Innovation in Training Awards*. We also took the silver award in the same category at the *Training Journal Awards* – where we were up against apprenticeship programmes in all sectors of industry and commerce.

As well as more formal learning, our digital learning and communications platform, Fuse, allows us to promote a high number of short, online courses for personal development covering topics such as business English, presentation skills and managing emotions. Many of our team members have undertaken such courses of their own volition during lockdown.

We recognise that not everybody who joins as a kitchen porter or member of part-time bar staff wants a long-term career in our sector – but we still want to help them fulfil their potential and play a role in their personal journey. They may begin with us – and many

⁵ Source: Peach Tracker Index

will become our managers of the future – but we also want to ensure that we deliver a nurturing environment if their aspirations take them beyond Fuller's. Offering tailored development programmes allows us to achieve that and will build our employer brand and our status as the industry employer of choice.

In total, during the year over 3,300 formal training days took place, with an additional 5,300 online courses undertaken. The results speak for themselves with our promotion ladder working well and 64 of the 71 General Managers appointed this year having come via this internal career path.

A pub estate to be proud of

During the period, we completed the major acquisition of Cotswold Inns & Hotels for an enterprise value of £40 million, adding seven outstanding freehold country inns and two vibrant bars in Birmingham to our portfolio. These sites bring a new dimension to our business, with the addition of 201 bedrooms, a focus on traditional Cotswolds hospitality, and expertise in weddings and corporate functions that provides shared learning across the Fuller's estate.

We have completed a number of major refurbishments including a new build site overlooking the Thames Barrier at Royal Dock called The Windjammer, and transformational refurbishments at The Mason's Arms in Battersea, The Chamberlain Hotel in Minories and The Old Bank on Northcote Road in Clapham.

Outside London, we have also delivered a major investment at The Bear of Burton, just outside Christchurch in Dorset, a refurbishment at The Bishop on the Bridge in Winchester, an outstanding scheme at The Mayfly overlooking the River Test near Stockbridge, and the addition of 10 new bedrooms at The White Hart, also in Stockbridge.

We are on site at The White Horse – a new build site in the heart of an extensive residential development in the shadow of the iconic Wembley Stadium – which should now benefit from the delay of the European Football Championship to June 2021. In addition, we will imminently complete work at The Coach & Horses, a truly iconic pub in Soho, and are close to finishing a major scheme at The Trinity in Borough – an impressive site we acquired in August last year. We have also taken advantage of lockdown to undertake a further 11 projects in Bel & The Dragon and Cotswolds Inns & Hotels sites.

We have disposed of two sites during the period – The Red, White & Blue, a tenanted pub in Portsmouth, and The Castle in Acton. The latter of these is located in an area that is undergoing substantial redevelopment and the site has been sold as part of this scheme for £10.3 million.

Finally, we acquired new offices for our support team at Pier House. This site, which has been fitted out and is ready for full occupation as business returns to normal, retains the Fuller's head office within the London W4 postcode that has been our home for 175 years.

The right offer on the bar and on the menu

The sale of the Fuller's Beer Business has opened up new opportunities to work with suppliers and provide our customers with an increasingly premium, exciting and varied drinks range. Our commitment to Fuller's beers, through the long-term supply agreement we have with Asahi, remains and we will always hero classic Fuller's brands like London Pride.

Across the board, the range changes we have implemented already have driven further premiumisation with strong growth in sales of Asahi Superdry, Meantime Anytime and Beavertown Neck Oil. Camden Brewery has also proved popular with Camden's Off Menu IPA, which was exclusive to Fuller's, driving sales of over 15,000 pints every week. An exclusive on-trade launch for Beavertown's new Nanobot – a 2.8% pale ale – was planned for the spring but will now take place later this summer.

Spirits sales also continue to grow, with a like for like rise of 8.3%, driven by sales of cocktails and gins, which were up by 17.3% and 16.5% respectively on a like for like basis. We work closely with our suppliers and leverage these relationships to provide interesting and bespoke events and experiences for our customers. This programme has included a Victorian hot gin bar with Sipsmiths at The Conductor in Farringdon, an après ski bar at the same venue with Alpine fruit beer Jubel, and a series of garden takeovers with Fever-Tree at 25 sites across the estate.

As we adjust to life as a focused premium pubs and hotels business, our relentless focus on fantastic food continues. In a move that further inspires our chefs to new heights, we were delighted to appoint Simon Rogan, the holder of five Michelin stars, as the Honorary President of the Fuller's Chefs' Guild. The move was aligned with Fuller's sponsorship of the Bocuse d'Or – the legendary international chefs' competition – and aims to elevate the way food is regarded by our kitchen teams, the wider business and our customers.

The year has also seen further focus on vegetarian and vegan dishes, which continue to grow in popularity, as well as the much-loved Sunday roast – now the most important dining occasion in the pub week. Sales of Sunday roasts have risen by 4.8% and an outstanding Sunday roast offer is, more than ever, the benchmark of a fantastic pub.

Underpinning our food agenda are two key constituents – well-trained and passionate chefs and wonderful ingredients. While the former continue to be inspired by their journey through the Chefs' Guild, the latter are equally key. We always look to develop long-term partnerships with our suppliers, which has led to actions that range from delivering financial gains from forward buying meat, to acquiring a whole field of asparagus to ensure supply, to accessing the apprenticeship levy of our suppliers to further develop our own apprenticeship programme. As we rebuild our business in the coming months, these supplier relationships will be more important than ever.

Targeted marketing for discerning customers

Much of the work undertaken by our marketing team during the year will reap rewards as we continue to open our pubs for business again. The focus for the year has been around improving our digital customer journey and building on the single customer view database that allows us to deliver the right message to the right customer at the right time.

Today, that database has in excess of 1.1 million contactable customers with year on year growth of 94%. Through targeted, relevant and eye-catching digital marketing, this database delivers an exceptionally high click rate of 24% and these targeted mailings contributed £1.9 million in sales revenue, after discount, during the year. This is a growth of 12% against the prior year.

This ability to communicate with our customer base is paramount as we continue to come out of lockdown. We need to understand who our existing customers are and who could be potential customers as we progress. Our recent move to Wireless Social as our main wifi provider will help with this process.

In the second half of the last financial year we concluded a project with CBRE Research that identified four statistically significant customer groups. While all have a degree of affluence, they occupy different age categories and have different booking, eating, drinking and lifestyle behaviours. By identifying these groups and their propensity to frequent Fuller's pubs, we can further refine our messaging and targeting. We can then apply this beyond the digital space to broader marketing and wider business planning as we rebuild trade.

This digital activity is supported by multi-channel campaigns that encompass social media and improved websites. This is combined with improved search engine optimisation ("SEO") – particularly around our hotels and pubs with rooms. Having researched and identified the way customers chose locations for weekend breaks and staycations, we invested in improving our hotel websites and SEO to ensure they appeal to customers seeking particular experiences or types of holiday – for example dog friendly or coastal breaks. This new approach has generated great results, improved our search ranking, increased the number of visitors to our web pages by 76% and driven direct bookings – all of which will help us to further capitalise on the staycation opportunity.

As the doors open again to our customers, we will also be ready to build on the experiential activity that has worked so well for us during the year. From *Shakespeare in the Garden* to *Your Home of Rugby*, we have delivered excitement and memories to thousands. A record 6,258 tickets were sold for 50 performances of *Romeo & Juliet* and *The Merry Wives of Windsor* and the large gardens at some of the new Cotswold Inns & Hotels sites will allow us to extend this popular activity to a whole new audience in the future.

The pub experience has had to change, but we have a talent for innovating to deliver a premium experience, and we will be using that talent to ensure our pubs remain at the heart of their communities and enjoyed by our customers from the moment they step back through the door. From order and pay at table options and QR codes for easy menu access to *Test & Trace* data collection, the combination of great interpersonal skills supported by digital initiatives will be crucial as we rebuild our business.

TENANTED INNS

It was always going to be a tough year for our Tenanted Inns with trading in the first half measured against the hot weather and World Cup of 2018. As a result, like for like profit was down by 3% and total revenue was down by 4%. This includes the two weeks at the end of the year when our pubs were closed, hence revenue for the 11 months to the end of February was only down 2%. During the year we transferred two sites from Tenanted to Managed – The Coach & Horses in Soho and The Swan at Ship Tavern Passage, London EC3.

In September, we appointed a new leader for the Tenanted Division with Iain Rippon taking charge. Iain has a wealth of tenanted and leased experience and he was heavily involved in our decision to cancel rents at the start of the coronavirus pandemic – a move that was widely applauded and gave our Tenants some breathing space. He and his team have been working with our Tenants to encourage them to use government support to ensure they are in the best position to trade successfully as they open again, while having manageable levels of historical debt.

The ingenuity and generosity of our Tenants was outstanding during lockdown with many offering take-away meals, opening as community stores, and even providing hot meals daily for local rough sleepers. It was fantastic to see the way they rose to the challenges lockdown created, at the very heart of the communities that they serve, and we look forward to building on that creativity in the future.

Among the changes Iain has made are a reduction of in-going cost for new Tenants and regular meet and greet events advertised on social media. This has led to an increase in the number of applicants for Tenanted vacancies and we have created a new position in the team to focus on providing induction support and in-pub training for new Tenants.

We are also conducting a full review of the agreements we offer Tenants. While the turnover agreement is working well in some pubs, we feel it underperforms in others and our ambition is to better understand this so we can make any changes necessary to optimise the agreement before we roll it out further.

Finally, we are improving the speed and effectiveness of our online ordering which has resulted in over 90% of Tenants' orders now being taken online – making the process more efficient and giving our Tenants more time with their customers.

FINANCIAL POSITION

The adoption of IFRS 16 Leases has been reflected in the 52 weeks ended 28 March 2020 and, as permitted by the standard, transitional provisions have been adopted which allow for no restatement of prior period figures. Therefore, for better comparison, the figures discussed below are on a pre IFRS 16 basis and are for the continuing operations of the Group.

Due to the one-off nature of separately disclosed items the Directors believe that an adjusted measure of profit before tax and earnings per share provides shareholders with a more appropriate representation of the underlying earnings derived from the Group.

We have grown revenue and other income by 3% on the prior year despite the significant impact of coronavirus on the final month of trading. Growth was helped by the contribution from our acquisition of Cotswold Inns & Hotels on 31 October 2019. On a like for like basis, our Managed Pubs and Hotels Division outperformed the industry with sales rising by 2.3% to 7 March 2020 (2019: +4.9%).

Our adjusted profits decreased by 40% to £19.7 million (2019: £33.1 million), reflecting the severe impact of the full closure of the business in the final month of the year. We estimate that the negative impact in the final month of the year was in excess of £10 million. In our Managed Pubs and Hotels this consisted of the direct impact of the closure of the business and the severely impaired trading in the period leading up to the point of closure. In addition, our Managed Pubs and Hotels business suffered from the negative impact of the write down of stock values and certain capitalised development projects. Our Tenanted pubs suffered from reduced rent revenue and reduced orders from tenants in the final month, combined with an increase in the levels of provisions required against outstanding debts. As reported previously, the sale of the Fuller's Beer Business and the subsequent complex separation has resulted in significant restructuring costs. With the TSA completing in April 2020, we are now in a position to transition to a simplified structure and reduce central overheads.

Pre IFRS 16 profit before tax has increased by £148.4 million to £174.5 million (2019: £26.1 million) predominately as a result of the sale of the Fuller's Beer Business. The sale enabled Fuller's to return £69 million to shareholders via 'D' shares issuance and repurchase, make a voluntary contribution to the defined benefit pension scheme of £24 million – helping to reduce the defined benefit pension scheme deficit to £4.7 million at year end – and acquire Cotswold Inns & Hotels for an enterprise value of £40 million.

During the year we also sold two of our freehold pubs for £11.4 million, resulting in a profit of £9.6 million as disclosed in separately disclosed items. These events meant we were in a strong financial position with substantial liquidity headroom when the coronavirus pandemic started to have a direct impact on the business. As the pandemic continues, we are continually monitoring the situation and post year end we have issued £100 million of commercial paper through the Bank of England Covid Corporate Financing Facility and taken advantage of the government support offered through the

Coronavirus Job Retention Scheme and the business rates holiday for the hospitality sector.

Overall net debt at 28 March 2020 has decreased by £66.3 million to £178.9 million pre IFRS 16, largely due to the sale of the Fuller's Beer Business. Post IFRS 16, net debt has increased to £291.8 million due to the inclusion of £112.9 million of lease liabilities.

The Group has £225 million of bank facilities and £26 million long-term debentures, £191.7 million of which are available until August 2021 and £33.3 million of which is available until August 2020. As a result of coronavirus, the Directors have assessed that there was a technical breach of the covenants at the Balance Sheet date and hence classified all debt as current. Subsequent to year end the covenants were formally revised to a liquidity test and £145.6 million was reclassified to non-current liabilities. Our undrawn facilities at 28 March 2020 were £53.0 million, with a further £20.3 million of cash held on the Balance Sheet.

The Group generated cash available for discretionary spend of £25.5 million (2019: £35.1 million) with the reduction compared to prior year due to lower EBITDA mainly resulting from the disruption to trading in March. In line with our long-term investment strategy, we invested £47.6 million in capital expenditure (2019: £32.7 million). The investment of £47.6 million in our existing estate included 14 major refurbishments such as The Bear of Burton and the creation of a new build site, The Windjammer, as well as acquiring new offices for our support team at Pier House. We also invested £37.5 million on the acquisition of Cotswold Inns & Hotels and £3.7 million on the acquisition of The Trinity at Borough. Asset disposals from the sale of two pubs raised £11.4 million and generated a separately disclosed profit of £9.6 million.

Separately disclosed items of £8.2 million comprises, principally, £12.3 million of impairments, £2.1 million of reorganisation costs as a direct result of the sale of the Fuller's Beer Business, £1.4 million of acquisition costs, £1.5 million of costs incurred finishing the implementation of our ERP system and a net finance charge on our pension deficit of £0.6 million. The impairment charge includes £8.6 million reduction of carrying values against a number of properties and the write down of previously acquired goodwill on the acquisition of The Stable Pizza & Cider Limited of £3.7 million. Acquisition costs primarily related to the purchase of Cotswold Inns & Hotels, The Trinity at Borough and the acquisition of our new head offices at Pier House. The total separately disclosed costs were offset by £9.6 million of profits on the disposal of two pubs including The Castle in North Acton which was sold for £10.3 million.

The effective tax rate is 33.0% (2019: 19.6%) on adjusted profits from continuing operations, following a £1.6 million deferred tax charge relating to the change to the future corporation tax rate. The overall effective tax rate of 50.4% is due to the separately disclosed items being taxed at an effective tax rate of 8.5%.

The defined benefit pension scheme deficit has decreased by £31.7 million to £4.7 million (2019: £36.4 million) primarily due to the voluntary £24 million contribution made in the financial year. The present value of pension obligations decreased by £19.8 million

to £128.5 million and the fair value of scheme assets increased by £11.9 million from £111.9 million to £123.8 million primarily as a result of the voluntary contribution. Standard deficit recovery payments of £2.4 million were also made during the financial year.

During the period 48,700 'A' ordinary 40p shares were purchased into treasury for a total of £0.4 million (2019: 313,983 'A' ordinary 40p shares for £3.1 million). In addition, 90,641 'B' ordinary 4p shares were purchased for £0.1 million by or on behalf of the Trustees of the Long-Term Incentive Plan to cover future issuance (2019: 121,031 'B' ordinary 4p shares for £0.1 million).

REOPENING OUR ESTATE

Since the outbreak of coronavirus, and the subsequent temporary closure, we have made a number of key decisions to protect the business and reduce our costs. At the heart of our activity is a robust three stage plan that started with a gradual and measured reopening of our pubs and hotels.

During lockdown we conducted two key pieces of research. The first was a survey of our team members, to identify issues that might affect their desire or ability to return to work, and the second was a survey of our most engaged customers to ascertain the key elements that would give them the confidence to return to our pubs. The results of these surveys have helped to formulate our plans and any changes to our operation on top of the protocols required by the Government.

Risk assessments were carried out across the estate and we identified and mapped detailed plans including seating, access to loos, service operation, movement flow and additional changes such as barriers, sanitiser points and clear communication. We are rolling out an order and pay at table web solution to reduce the need for menus and cash payments, as well as using QR codes for both access to online menus and, in combination with our wifi service login, to collect customers' details in support of the NHS *Test & Trace* programme.

In mid-June we opened seven sites operating a take-away only service, which allowed us to see how the back of house operation functioned under social distancing. We opened 27 sites on 4 July 2020, with another 136 since, and have taken the opportunity to learn from these earlier openings by monitoring and evaluating consumer behaviour, making changes accordingly as we continued to open further pubs. We will continue to use the flexible furlough scheme and we will be reintroducing rent for our Tenants from August, but on a tapered basis.

As you would expect from Fuller's, we are going above and beyond with an intensive cleaning regime and our team members complete health screening questionnaires at the start of each shift to protect them, their colleagues and our customers. We also rolled out additional online training prior to reopening and we are constantly learning, reviewing and looking at new, often digital, ways to improve our processes.

CURRENT TRADING AND PROSPECTS

While it is still early days, it is pleasing to see our teams welcoming guests back and we have taken a range of actions and measures to ensure our pubs are safe and inviting. The first stage of our three stage plan saw 27 pubs open on 4 July 2020 and another 136 since – meaning over 75% of our Managed Pubs and Hotels are now open. Almost all our Tenanted Inns have also reopened. While it is too early to draw any meaningful conclusions, we are comfortable with the level of trade and we continue to monitor footfall in those areas where our pubs are not yet open.

While we are prepared for business, particularly in London, to take some time to return to normal, we are well placed to satisfy the uptick in demand for staycations as many customers holiday closer to home – an opportunity we are supporting with marketing activity for our *Beautiful Bedrooms*. We continue to focus on minimising cash burn and returning to profitability. During August, we will gradually reintroduce rent for Tenants – but on a tapered basis to help with their own return to sustainable trading levels.

In line with our focus on pubs and hotels, we decided to sell our pizza and cider business, The Stable, to Three Joes – a sourdough pizza company. We have retained the freehold interest in five of the sites and we wish the team at Three Joes, and our former colleagues, every success in the future.

The decisions we have taken during these difficult months have, as always, an emphasis on the long term. We will complete our current investment programme prior to stopping refurbishments until Christmas to focus on cash generation. We will recommence the investment programme in Q4 and, in the second half of the financial year, we will begin refinancing discussions with our lenders.

In these uncertain times, it is challenging to accurately predict the future. But having begun reopening our pubs nearly four weeks ago, it is encouraging to see customers returning to our pubs and this steady growth in consumer confidence will be the key to success – not just of our Company or our industry but the economy as a whole. We have a well-balanced estate geographically and that, combined with a freehold asset base and the calibre of our people, puts us in a stronger position than many to build towards sustained profitability in this full year and a strong start to the FY2022 financial year.

A freehold approach is a fundamental foundation of our long-term business. It is not always fashionable, but yet again it underpins our ability to survive the toughest of times. We are proud to be 175 years old this year and with our balanced and well-invested estate, prudent approach to finance and amazing team of dedicated people, we will still be here for generations to come.

Simon Emeny
Chief Executive
30 July 2020

Fuller, Smith & Turner P.L.C.
Financial Highlights
For the 52 weeks ended 28 March 2020

	Post IFRS 16 52 weeks ended 28 March 2020 £m	Pre IFRS 16 52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m	Change Pre IFRS 16 2020/2019
Revenue and other income	333.0	333.0	324.7	+3%
Profit after income tax	161.9	168.6	19.5	+765%
Net debt¹	291.8	178.9	245.2	n/a
EBITDA²	54.4	44.0	59.5	-26%
Adjusted profit before income tax³	18.0	19.7	33.1	-40%
Separately disclosed items before income tax	(14.8)	(8.2)	(10.1)	n/a
Profit before income tax	166.2	174.5	26.1	+569%
Adjusted earnings per share⁴	21.41p	23.95p	48.40p	-51%
Basic earnings per share⁵	293.70p	305.86p	35.12p	+771%

All figures above are from continuing operations except where stated and change percentages are on a comparable basis to prior periods, excluding IFRS 16 adjustments.

¹ Net debt comprises cash and short-term deposits, bank overdraft, bank loans, debenture stock and preference shares and lease liabilities under IFRS 16.

² Earnings before separately disclosed items, interest, tax, depreciation and amortisation from continuing operations.

³ Adjusted profit is the profit before tax excluding separately disclosed items from continuing operations.

⁴ Calculated using adjusted profits after tax and the same weighted average number of shares as for the basic earnings per share and using a 40p 'A' or 'C' ordinary share.

⁵ Per 40p 'A' or 'C' ordinary share.

Fuller, Smith & Turner P.L.C.
Condensed Group Income Statement
For the 52 weeks ended 28 March 2020

		Post IFRS 16 52 weeks ended 28 March 2020 £m	Pre IFRS 16 ¹ 52 weeks ended 28 March 2020 £m	Restated ² 52 weeks ended 30 March 2019 £m
Continuing operations	Note			
Revenue	2	329.3	329.3	324.7
Operating costs before separately disclosed items		(307.1)	(308.0)	(284.7)
Other income	2	3.7	3.7	–
Adjusted operating profit	2	25.9	25.0	40.0
Operating separately disclosed items	3	(23.9)	(17.3)	(11.2)
Operating profit		2.0	7.7	28.8
Finance costs before separately disclosed items	4	(7.9)	(5.3)	(6.9)
Financing separately disclosed items	3,4	(0.5)	(0.5)	(0.8)
Profit on disposal of properties	3	9.6	9.6	1.9
Profit before income tax		3.2	11.5	23.0
Adjusted profit before income tax		18.0	19.7	33.1
Total separately disclosed items	3	(14.8)	(8.2)	(10.1)
Profit before income tax		3.2	11.5	23.0
Tax		(4.2)	(5.8)	(5.2)
<i>Analysed as:</i>				
<i>Underlying trading</i>	5	(6.2)	(6.5)	(6.5)
<i>Separately disclosed items</i>	5	2.0	0.7	1.3
(Loss)/profit from continuing operations		(1.0)	5.7	17.8
Net profit from discontinued operations	14	162.9	162.9	1.7
Profit for the year		161.9	168.6	19.5
Attributable to:				
Equity shareholders of the Parent Company		161.9	168.6	19.3
Non-controlling interest		–	–	0.2

1 Pre IFRS 16 results have been prepared under IAS 17 for comparison purposes only.

2 Central overheads have not been recharged for the 52 weeks ended 28 March 2020. Prior year overheads have also not been recharged to allow comparison. For the 52 weeks ended 30 March 2019, £3.3 million of central overheads have been reclassified from discontinued operations to continuing operations to reflect this change.

Fuller, Smith & Turner P.L.C
Condensed Group Income Statement
For the 52 weeks ended 28 March 2020

Group	Note	Post IFRS 16 52 weeks ended 28 March 2020 Pence	Pre IFRS 16¹ 52 weeks ended 28 March 2020 Pence	Restated 52 weeks ended 30 March 2019 Pence
Earnings per share per 40p 'A' and 'C' ordinary share				
Basic	6	293.70	305.86	35.12
Diluted	6	293.02	305.15	34.87
Earnings per share per 4p 'B' ordinary share				
Basic	6	29.37	30.59	3.51
Diluted	6	29.30	30.51	3.49
Continuing operations				
Earnings per share per 40p 'A' and 'C' ordinary share				
Basic	6	(1.81)	10.34	32.39
Diluted	6	(1.81)	10.32	32.16
Earnings per share per 4p 'B' ordinary share				
Basic	6	(0.18)	1.03	3.24
Diluted	6	(0.18)	1.03	3.22

1 Pre IFRS 16 results have been prepared under IAS 17 for comparison purposes only.

Fuller, Smith & Turner P.L.C.
Condensed Group Statement of Comprehensive Income
For the 52 weeks ended 28 March 2020

	Note	Post IFRS 16 52 weeks ended 28 March 2020 £m	Pre IFRS 16 ¹ 52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m
Profit for the year		161.9	168.6	19.5
Items that may be reclassified to profit or loss				
Net gains on valuation of financial assets and liabilities		0.2	0.2	0.3
Tax related to items that may be reclassified to profit or loss	5	(0.1)	(0.1)	–
Items that will not be reclassified to profit or loss				
Net actuarial gain/(losses) on pension schemes	12	5.9	5.9	(5.0)
Tax related to items that will not be reclassified to profit or loss	5	(1.1)	(1.1)	0.8
Other comprehensive gain/(losses) for the year, net of tax		4.9	4.9	(3.9)
Total comprehensive income for the year, net of tax		166.8	173.5	15.6
Total comprehensive income attributable to:				
Equity shareholders of the Parent Company		166.8	173.5	15.4
Non-controlling interest		–	–	0.2

¹ Pre IFRS 16 results have been prepared under IAS 17 for comparison purposes only.

Fuller, Smith & Turner P.L.C.
Condensed Group Balance Sheet
28 March 2020

	Note	Post IFRS 16 2020 £m	Pre IFRS 16 ¹ 2020 £m	2019 £m
Non-current assets				
Intangible assets		28.3	35.5	37.7
Property, plant and equipment	8	617.7	617.7	552.7
Investment properties		4.8	4.8	4.6
Other non-current assets		0.1	0.1	0.3
Right-of-use assets	10	107.0	–	–
Total non-current assets		757.9	658.1	595.3
Current assets				
Inventories		4.0	4.0	5.0
Trade and other receivables		12.6	9.7	8.3
Other financial assets		–	–	0.1
Cash and cash equivalents	11	20.3	20.3	11.0
Assets classified as held for sale		2.6	2.6	87.0
Current tax receivable		6.2	4.5	–
Total current assets		45.7	41.1	111.4
Current liabilities				
Trade and other payables		(37.7)	(37.5)	(29.6)
Current tax payable		–	–	(2.8)
Borrowings	11	(171.7)	(171.7)	(50.0)
Lease liabilities	10	(8.9)	–	–
Liabilities classified as held for sale		–	–	(30.0)
Provisions		(4.1)	(4.5)	(0.5)
Total current liabilities		(222.4)	(213.7)	(112.9)
Non-current liabilities				
Borrowings	11	(27.5)	(27.5)	(206.2)
Lease liabilities	10	(104.0)	–	–
Other financial liabilities		(1.1)	(1.1)	(1.4)
Retirement benefit obligations	12	(4.7)	(4.7)	(36.4)
Deferred tax liabilities		(17.1)	(17.1)	(9.2)
Provisions		–	(1.6)	(2.1)
Total non-current liabilities		(154.4)	(52.0)	(255.3)
Net assets		426.8	433.5	338.5

Fuller, Smith & Turner P.L.C.
Condensed Group Balance Sheet
28 March 2020

	Note	Post IFRS 16 2020 £m	Pre IFRS 16 ¹ 2020 £m	2019 £m
Capital and reserves				
Share capital		22.8	22.8	22.8
Share premium account		4.2	4.2	4.8
Capital redemption reserve		3.7	3.7	3.1
Own shares		(17.1)	(17.1)	(19.8)
Hedging reserve		(0.9)	(0.9)	(0.8)
Retained earnings		414.1	420.8	328.4
Total equity		426.8	433.5	338.5

¹ Pre IFRS 16 results have been prepared under IAS 17 for comparison purposes only.

Fuller, Smith & Turner P.L.C.
Condensed Group Statement of Changes in Equity
For the 52 weeks ended 28 March 2020

	Share capital £m	Share premium account £m	Deferred shares £m	Capital redemption reserve £m	Own shares £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 31 March 2018	22.8	4.8	–	3.1	(19.2)	(1.1)	328.4	338.8	(3.9)	334.9
Profit for the year	–	–	–	–	–	–	19.3	19.3	0.2	19.5
Other comprehensive loss for the year	–	–	–	–	–	0.3	(4.2)	(3.9)	–	(3.9)
Total comprehensive income for the year	–	–	–	–	–	0.3	15.1	15.4	0.2	15.6
Shares purchased to be held in ESOT or as treasury	–	–	–	–	(3.2)	–	–	(3.2)	–	(3.2)
Shares released from ESOT and treasury	–	–	–	–	2.6	–	(1.5)	1.1	–	1.1
Dividends (note 7)	–	–	–	–	–	–	(10.9)	(10.9)	–	(10.9)
Share-based payment charges	–	–	–	–	–	–	1.0	1.0	–	1.0
Adjustments arising from change in non-controlling interest	–	–	–	–	–	–	(3.7)	(3.7)	3.7	–
At 30 March 2019	22.8	4.8	–	3.1	(19.8)	(0.8)	328.4	338.5	–	338.5
Profit for the year	–	–	–	–	–	–	161.9	161.9	–	161.9
Other comprehensive income for the year	–	–	–	–	–	0.1	4.8	4.9	–	4.9
Total comprehensive income for the year	–	–	–	–	–	0.1	166.7	166.8	–	166.8
Issue of share capital	0.6	(0.6)	–	–	–	–	–	–	–	–
Reclassification of deferred shares	(0.6)	–	0.6	–	–	–	–	–	–	–
Cancellation of deferred shares	–	–	(0.6)	0.6	–	–	–	–	–	–
Shares purchased to be held in ESOT or as treasury	–	–	–	–	(0.5)	–	–	(0.5)	–	(0.5)
Shares released from ESOT and treasury	–	–	–	–	3.2	–	(1.1)	2.1	–	2.1
Dividends (note 7)	–	–	–	–	–	–	(80.5)	(80.5)	–	(80.5)
Share-based payment charges	–	–	–	–	–	–	0.5	0.5	–	0.5
Transfer to retained earnings	–	–	–	–	–	(0.2)	0.2	–	–	–
Tax debited directly to equity (note 5)	–	–	–	–	–	–	(0.1)	(0.1)	–	(0.1)
At 28 March 2020	22.8	4.2	–	3.7	(17.1)	(0.9)	414.1	426.8	–	426.8

Fuller, Smith & Turner P.L.C.
Condensed Group Cash Flow Statement
For the 52 weeks ended 28 March 2020

		Post IFRS 16 52 weeks ended 28 March 2020 £m	Pre IFRS 16 ¹ 52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m
	Note			
Profit before tax for continuing operations		3.2	11.5	23.0
Net finance costs before separately disclosed items	4	7.9	5.3	6.9
Separately disclosed items	3	14.8	8.2	10.1
Depreciation and amortisation	2	28.5	19.0	19.5
		54.4	44.0	59.5
Difference between pension charge and cash paid		(2.3)	(2.3)	(2.2)
Contribution to pension fund		(24.0)	(24.0)	–
Share-based payment charges		0.5	0.5	1.0
Change in trade and other receivables		(1.1)	(1.1)	3.0
Change in inventories		1.1	1.1	(0.9)
Change in trade and other payables		(1.1)	(1.9)	(11.6)
Cash impact of operating separately disclosed items	3	(5.0)	(5.0)	(7.5)
Cash generated from operations		22.5	11.3	41.3
Tax paid		(10.1)	(10.1)	(8.6)
Cash generated from operating activities – continuing operations		12.4	1.2	32.7
Cash generated from operating activities – discontinued operations		0.6	0.6	0.3
Net cash generated from operating activities		13.0	1.8	33.0
Cash flow from investing activities				
Business combinations	13	(32.8)	(32.8)	(20.1)
Purchase of property, plant and equipment		(47.6)	(47.6)	(28.5)
Sale of property, plant and equipment		11.4	11.4	7.3
Cash absorbed by investing activities – continuing operations		(69.0)	(69.0)	(41.3)
Cash generated/(absorbed by) investing activities – discontinued operations		225.4	225.4	(4.2)
Net cash inflow/(outflow) from investing activities		156.4	156.4	(45.5)
Cash flow from financing activities				
Purchase of own shares		(0.5)	(0.5)	(3.2)
Receipts on release of own shares to option schemes		2.3	2.3	1.1
Interest paid		(4.7)	(4.7)	(6.2)
Preference dividends paid		(0.1)	(0.1)	(0.1)
Equity dividends paid	7	(80.5)	(80.5)	(10.9)
Drawdown of bank loans		–	–	42.3
Repayment of bank loans		(65.4)	(65.4)	(6.0)
Cost of refinancing		–	–	(0.2)
Principal elements of lease payments		(11.2)	–	–

Fuller, Smith & Turner P.L.C.
Condensed Group Cash Flow Statement
For the 52 weeks ended 28 March 2020

	Post IFRS 16	Pre IFRS 16 ¹	
	52 weeks	52 weeks	52 weeks
	ended	ended	ended
	28 March	28 March	30 March
	2020	2020	2019
	£m	£m	£m
Cash (absorbed by)/generated from financing activities – continuing operations	(160.1)	(148.9)	16.8
Net cash (outflow)/inflow from financing activities	(160.1)	(148.9)	16.8
Net movement in cash and cash equivalents	9.3	9.3	4.3
Cash acquired on acquisition	–	–	0.3
Cash and cash equivalents at the start of the year	11.0	11.0	11.7
Cash and cash equivalents at the end of the year	20.3	20.3	16.3
Included in the assets of the disposal group	–	–	(5.3)
Total cash and cash equivalents at the end of the year	20.3	20.3	11.0

¹ Pre IFRS 16 results have been prepared under IAS 17 for comparison purposes only. IFRS 16 does not impact actual cash, the impact is only presentational.

Fuller, Smith & Turner P.L.C.
Notes to the Condensed Financial Statements
For the 52 weeks ended 28 March 2020

1. Preliminary statement

The consolidated financial statements of Fuller, Smith & Turner P.L.C. for the 52 weeks ended 28 March 2020 were authorised for issue by the Board of Directors on 30 July 2020.

The financial information presented does not constitute the Group's annual report and accounts for either the 52 weeks ended 28 March 2020 or the 52 weeks ended 30 March 2019 within the meaning of Section 435 of the Companies Act 2006, but is derived from those accounts. The Group's statutory accounts for 2019 have been delivered to the Registrar of Companies and those for 2020 will be delivered following the Company's annual general meeting. The independent auditor's reports on both the 2019 and 2020 accounts were not qualified or modified, however the 2020 accounts drew attention to material uncertainties in respect of going concern. The independent auditor's reports for both 2019 and 2020 did not contain any statements under Section 498 of the Companies Act 2006.

The Group financial statements are presented in Sterling and all values are shown in millions of pounds (£m) rounded to the nearest hundred thousand pounds, except when otherwise indicated. The accounting policies used have been applied consistently, except where set out below, and are described in full in the statutory financial statements for the 52 weeks ended 28 March 2020, which will be mailed to shareholders on or before 14 August 2020 and delivered to the Registrar of Companies. The financial statements will also be available from the Company's registered office: Pier House, 86-93 Strand-on-the-Green, London, England, W4 3NN, and on its website, from that date.

Going Concern

The Group has prepared the 2020 financial statements on a going concern basis. The Board is confident that the Group has sufficient liquidity and the ability to access resources when the Group needs to refinance to withstand a prolonged period of closure as a result of the coronavirus pandemic. At 28 March 2020, the Group had a strong Balance Sheet with 91% of the estate being freehold properties and, as at the signing date, headroom on facilities of £186.5 million.

The coronavirus pandemic is an ever-evolving situation with the possible outcomes continually being re-assessed. Management have therefore modelled a range of scenarios from full closure for several months to operating at reduced capacity for the remainder of the financial year. The base model assumes that the estate will not open until August 2020 and there will be significant impact on sales for the rest of the financial year as a result of the social distancing restrictions that will need to be implemented and the risk that customer behaviour will change.

Since the closure of the pubs at the end of March the Group took a number of initial actions to reduce the cash expenditure each month including furloughing the majority of staff, pay cuts for the Main Board and Executive Team of 25% and 20% respectively, taking advantage of business rates holidays as agreed by the Government and the cancellation of the final dividend.

At 28 March 2020, the Group had existing facilities of £225 million; £33 million is due to expire in August 2020 with the rest expiring in August 2021. The facilities are subject to two main covenants, which are tested quarterly: net debt to EBITDA (leverage) and EBITDA to net finance charges. Post year end, in recognition of the current macroeconomic uncertainty, the Group's banks have revised the covenant tests to a liquidity test for the quarters ending March, June and September 2020. As the previous covenant tests were still in place at the year end the Group has reclassified all loans to current as the Group assessed the covenants were breached. Subsequent to year end £145.6 million has been reclassified to non-current when the March covenant was formally revised. From September 2020, under the base and downside forecast model the Group would fail the covenant tests if not revised. Management are in discussion with the lenders to revise the covenants beyond this date and have informally received their confirmation that this will be agreed.

Since the year end the Group has increased its available facilities by accessing the Bank of England Covid Corporate Financing Facility ("CCFF") programme which has already issued £100 million of commercial paper with further access to a further £50 million. The CCFF provides short-term unsecured debt and is repayable in May 2021.

In August 2021, the Group will need to refinance and obtain facilities at a similar level to the facilities at 28 March 2020. There are mitigating actions that the Group could take in addition to the ones discussed above which haven't

Fuller, Smith & Turner P.L.C.
Notes to the Condensed Financial Statements
For the 52 weeks ended 28 March 2020

1. Preliminary statement (continued)

been factored into the model, including reducing central overheads, a complete halt in all capital expenditure and the sale of freehold properties.

The Board has considered a downside scenario that reflects the current unprecedented uncertainty in the UK economy and which management consider to be severe but plausible. The scenario considered full closure of the estate for four months to the end of July and then operating at 40% of the original budget for 2020/21. The results of this scenario show the potential for a covenant breach during the going concern assessment period. Subject to further covenant amends being agreed with the lenders in the period up to the refinance in August 2021, the Group would have sufficient liquidity in the going concern assessment period under this scenario.

The Board is confident in securing both the revision of the covenant beyond September 2020 and obtaining facilities beyond August 2021 but given that these are not in place at the date of approving these financial statements a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern. Accepting these represent a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

2. Segmental Analysis

For management purposes, the Group's operating segments are:

- Managed Pubs and Hotels, which comprises managed pubs, managed hotels, The Stable Pizza & Cider Limited, Bel & The Dragon and Cotswold Inns & Hotels.
- Tenanted Inns, which comprises pubs operated by third parties under tenancy or lease agreements.

The most important measure used to evaluate the performance of the business is adjusted profit, which is the profit before income tax, adjusted for separately disclosed items. The Managed Pubs and Hotels operating segments have been aggregated to one reportable segment on the basis they have similar economic characteristics as the pubs and hotels are in the same geographical location. Economic indicators assessed in determining that the aggregated operating segments share similar characteristics include expected future financial performance, operating and competitive risks and return on invested capital. As such the operating segments meet the aggregation criteria in paragraph 12 IFRS 8 Operating Segments (amended).

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

Change in information presented to the CODM

Central overheads were previously recharged to each of the segments and that was how information was presented to the CODM. However, in the current year, the costs have not been recharged to reflect how information is now reported to the CODM and the prior year numbers have been adjusted to allow comparison.

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2. Segmental Analysis (continued)

	Post IFRS 16			
	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated ¹ £m	Total continuing operations £m
52 weeks ended 28 March 2020				
Revenue and other income	299.6	29.7	3.7	333.0
Segment result	29.5	11.8	(15.4)	25.9
Operating separately disclosed items				(23.9)
Operating profit				2.0
Profit on disposal of properties				9.6
Net finance costs				(8.4)
Profit before income tax				3.2
Other segment information				
Additions to property, plant & equipment	24.5	3.6	23.6	51.7
Business combinations (note 13)	32.8	-	-	32.8
Depreciation	26.4	2.0	0.1	28.5
Impairment of property, right-of-use assets and goodwill	18.2	0.7	-	18.9

¹ Unallocated expenses represent primarily the salaries and costs of central management. Unallocated revenue represents Transitional Services Agreement ("TSA") income while unallocated capital expenditure relates to the purchase of a new head office

	Pre IFRS 16			
	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated ¹ £m	Total continuing operations £m
52 weeks ended 28 March 2020				
Revenue and other income	299.6	29.7	3.7	333.0
Segment result	28.7	11.7	(15.4)	25.0
Operating separately disclosed items				(17.3)
Operating profit				7.7
Profit on disposal of properties				9.6
Net finance costs				(5.8)
Profit before income tax				11.5
Other segment information				
Additions to property, plant & equipment	24.5	3.6	23.6	51.7
Business combinations (note 13)	32.8	-	-	32.8
Depreciation and amortisation	17.0	1.9	0.1	19.0
Impairment of property and goodwill	11.6	0.7	-	12.3

¹ Unallocated expenses represent primarily the salaries and costs of central management. Unallocated revenue represents Transitional Services Agreement ("TSA") income while unallocated capital expenditure relates to the purchase of a new head office

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2. Segmental Analysis (continued)

52 weeks ended 30 March 2019	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated ¹ £m	Total continuing operations £m
Revenue and other income	293.8	30.9	–	324.7
Segment result	42.7	13.8	(16.5)	40.0
Operating separately disclosed items				(11.2)
Operating profit				28.8
Profit on disposal of properties				1.9
Net finance costs				(7.7)
Profit before income tax				23.0
Other segment information				
Additions to property, plant & equipment	25.5	3.0	–	28.5
Business combinations (note 13)	18.1	–	–	18.1
Depreciation and amortisation	17.2	1.8	0.5	19.5
Impairment of property	3.0	–	–	3.0
Reversal of impairment on property	(1.3)	(0.5)	–	(1.8)

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

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3. Separately Disclosed Items

The Group presents separately disclosed 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.

	Post IFRS 16 52 weeks ended 28 March 2020 £m	Pre IFRS 16 52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m
Amounts included in operating profit:			
Acquisition costs	(1.4)	(1.4)	(0.6)
Reorganisation costs	(2.1)	(2.1)	(0.5)
Impairment and reversal of impairment of intangible assets, properties and right-of-use assets	(18.9)	(12.3)	(1.2)
IT maintenance, support and rectification costs	(1.5)	(1.5)	(6.7)
Onerous lease provision charge	-	-	(1.9)
Guaranteed Minimum Pension ("GMP") charge	-	-	(0.3)
Total separately disclosed items included in operating profit	(23.9)	(17.3)	(11.2)
Profit on disposal of properties	9.6	9.6	1.9
Separately disclosed finance costs:			
Finance charge on net pension liabilities (note 12)	(0.6)	(0.6)	(0.8)
Finance credit on the cancellation of interest rate swaps	0.1	0.1	-
Total separately disclosed finance costs	(0.5)	(0.5)	(0.8)
Total separately disclosed items before tax	(14.8)	(8.2)	(10.1)
Separately disclosed tax:			
Profit on disposal of properties	(1.9)	(1.9)	(0.3)
Other items	3.9	2.6	1.6
Total separately disclosed tax	2.0	0.7	1.3
Total separately disclosed items	(12.8)	(7.5)	(8.8)

Acquisition costs of £1.4 million during the 52 weeks ended 28 March 2020 (30 March 2019: £0.6 million) relate to transaction costs on property and business acquisitions.

The reorganisation costs of £2.1 million during the 52 weeks ended 28 March 2020 (30 March 2019: £0.5 million) were principally incurred as a result of the reorganisation of the Group due to the disposal of the Fuller's Beer Business, in order for the Group to transition to a simplified structure and reduce central overheads.

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3. Separately Disclosed Items (continued)

The total impairment charge of £18.9 million during the 52 weeks ended 28 March 2020 relates to the write down of a number of licensed properties to their recoverable value as well as the write down in value of previously acquired goodwill recognised on acquisition of The Stable Pizza & Cider Limited (30 March 2019: £1.2 million). Post IFRS 16 includes impairment of right-of-use assets of £6.6 million in relation to five properties (30 March 2019: £nil).

The expenditure of £1.5 million (30 March 2019: £6.7 million) relates to ongoing maintenance, support and rectification costs in respect of core IT systems. The costs incurred primarily relate to consultancy and incremental staff costs.

The profit on disposal of properties of £9.6 million during the 52 weeks ended 28 March 2020 (30 March 2019: £1.9 million) relates to the disposal of three licensed and unlicensed properties including two pubs (2019: seven properties).

The cash impact of operating separately disclosed items before tax for the 52 weeks ended 28 March 2020 was £5.0 million cash outflow (30 March 2019: £7.5 million cash outflow).

4. Finance Costs

	Post IFRS 16	Pre IFRS 16	
	52 weeks	52 weeks	52 weeks ended
	ended	ended	30 March
	28 March 2020	28 March 2020	2019
	£m	£m	£m
Finance Income			
Interest income from financial assets	0.2	0.2	–
Finance Costs			
Interest expense arising on:			
Financial liabilities at amortised cost – loans and debentures	(5.3)	(5.3)	(6.7)
Financial liabilities at amortised cost – preference shares	(0.1)	(0.1)	(0.1)
Financial liabilities at amortised cost – lease liabilities	(2.7)	(0.1)	–
Total interest expense for financial liabilities	(8.1)	(5.5)	(6.8)
Unwinding of discounts on provisions	–	–	(0.1)
Net finance costs before separately disclosed items	(7.9)	(5.3)	(6.9)
Finance charge on net pension liabilities (note 12)	(0.6)	(0.6)	(0.8)
Finance credit on the cancellation of interest rate swaps	0.1	0.1	–
Total finance costs after separately disclosed items	(8.4)	(5.8)	(7.7)

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5. Taxation

Tax on Profit on Ordinary Activities

Group	Post IFRS 16 52 weeks ended 28 March 2020 £m	Pre IFRS 16 52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m
Tax charged in the Income Statement			
Current income tax:			
Current tax on profits for the year	0.8	2.4	5.6
Adjustments for current tax on prior period	0.1	0.1	0.1
Total current income tax expense	0.9	2.5	5.7
Deferred income tax:			
Origination and reversal of temporary differences	1.4	1.4	(0.7)
Change in corporation tax rate	1.6	1.6	–
Adjustments for current tax on prior periods	0.3	0.3	0.2
Total deferred tax expense/(benefit)	3.3	3.3	(0.5)
Total tax charged in the Income Statement	4.2	5.8	5.2
Analysed as:			
Before separately disclosed items	6.2	6.5	6.5
Separately disclosed items	(2.0)	(0.7)	(1.3)
	4.2	5.8	5.2

Reconciliation of the Total Tax Charge

The tax expense in the Income Statement for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	Post IFRS 16 52 weeks ended 28 March 2020 £m	Pre IFRS 16 52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m
Profit from continuing operations before income tax expense	3.2	11.5	23.0
Accounting profit multiplied by the UK standard rate of corporation tax of 19% (2019: 19%)	0.6	2.2	4.4
Items not deductible for tax purposes	1.6	1.6	0.6
Current and deferred tax under provided in previous years	2.0	2.0	0.3
Other	–	–	(0.1)
Total tax charged in the Income Statement	4.2	5.8	5.2

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5. Taxation (continued)

	Post IFRS 16 52 weeks ended 28 March 2020 £m	Pre IFRS 16 52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m
Deferred tax relating to items Charged/(Credited) to the Income Statement			
Deferred tax depreciation	-	-	(1.0)
Rolled over capital gains	2.6	2.6	0.3
Retirement benefit obligations	0.6	0.6	0.2
Employee share schemes	0.1	0.1	0.1
Pub acquisition costs	-	-	(0.1)
Deferred tax in the Income Statement	3.3	3.3	(0.5)

Tax Relating to Items Charged/(Credited) to the Statement of Comprehensive Income

Deferred tax:

Valuation gains on financial assets and liabilities	0.1	0.1	-
Net actuarial gains/(losses) on pension scheme	1.1	1.1	(0.8)

Total tax charged/(credited) in the Statement of Comprehensive Income

	1.2	1.2	(0.8)
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Tax Relating to Items Charged/(Credited) Directly to Equity

Deferred tax:

Increase in deferred tax liability due to indexation	-	-	0.1
Share-based payments	0.1	0.1	(0.1)

Total tax charged to equity	0.1	0.1	-
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6. Earnings Per Share

Group	Post IFRS 16 52 weeks ended 28 March 2020 £m	Pre IFRS 16 52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m
Profit attributable to equity shareholders	161.9	168.6	19.3
Separately disclosed items net of tax	(149.6)	(154.9)	15.2
Adjusted earnings attributable to equity shareholders	12.3	13.7	34.5

	Number	Number	Number
Weighted average share capital	55,124,000	55,124,000	54,957,000
Dilutive outstanding options and share awards	128,000	128,000	389,000
Diluted weighted average share capital	55,252,000	55,252,000	55,346,000

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6. Earnings Per Share (continued)

40p 'A' and 'C' ordinary share	Pence	Pence	Pence
Basic earnings per share	293.70	305.86	35.12
Diluted earnings per share	293.02	305.15	34.87
Adjusted earnings per share	22.31	24.85	62.78
Diluted adjusted earnings per share	22.26	24.80	62.33

4p 'B' ordinary share	Pence	Pence	Pence
Basic earnings per share	29.37	30.59	3.51
Diluted earnings per share	29.30	30.51	3.49
Adjusted earnings per share	2.23	2.49	6.28
Diluted adjusted earnings per share	2.23	2.48	6.23

	Post IFRS 16 52 weeks ended 28 March 2020 £m	Pre IFRS 16 52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m
Continuing operations			
Profit attributable to equity shareholders	(1.0)	5.7	17.8
Separately disclosed items net of tax	12.8	7.5	8.8
Adjusted earnings attributable to equity shareholders	11.8	13.2	26.6

	Number	Number	Number
Weighted average share capital	55,124,000	55,124,000	54,957,000
Dilutive outstanding options and share awards	128,000	128,000	389,000
Diluted weighted average share capital	55,252,000	55,252,000	55,346,000

40p 'A' and 'C' ordinary share	Pence	Pence	Pence
Basic earnings per share	(1.81)	10.34	32.39
Diluted earnings per share	(1.81)	10.32	32.16
Adjusted earnings per share	21.41	23.95	48.40
Diluted adjusted earnings per share	21.36	23.89	48.06

4p 'B' ordinary share	Pence	Pence	Pence
Basic earnings per share	(0.18)	1.03	3.24
Diluted earnings per share	(0.18)	1.03	3.22
Adjusted earnings per share	2.14	2.39	4.84
Diluted adjusted earnings per share	2.14	2.39	4.81

The Directors have determined the profit or loss and the weighted average number of shares that is attributable to each class of ordinary share to calculate the earnings per share for the 40p 'A' and 'C' ordinary shares and the 4p 'B' ordinary shares. 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 1,860,777 (2019: 2,027,034).

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6. Earnings Per Share (continued)

Diluted earnings per share is 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 is calculated on profit before tax excluding separately disclosed 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.

7. Dividends

	52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2019: 4.35p (2018:12.00p)	2.4	6.6
Second interim dividend for 2019: 8.00p (2018: 0p)	4.4	–
First interim dividend for 2020: 7.80p (2019: 7.80p)	4.3	4.3
'D' Share single dividend for 2020: 125p (2019: 0p)	69.4	–
Equity dividends paid	80.5	10.9
Dividends on cumulative preference shares	0.1	0.1
Declared and paid after the year		
Second interim dividend for 2020: 0p (2019: 8.00p)	–	4.4
Proposed for approval at the Annual General Meeting:		
Final dividend for 2020: 0p (2019: 4.35p)	–	2.4

The pence figures above are for the 40p 'A' ordinary shares and 40p 'C' ordinary shares. The 4p 'B' ordinary 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.

As indicated in the circular published on 28 March 2019 relating to the disposal of the Fuller's Beer Business, the Board made an additional cash return of £1.25 per 'A' and 'C' ordinary share and 12.5p per 'B' ordinary share through a 'D' share scheme. Each ordinary shareholder as at the record date was issued with ten 'D' shares for every existing 'A' and 'C' ordinary share and one 'D' share for every one 'B' ordinary share held at the time. Numis (acting as principal, and not as agent, nominee or trustee for the Company) made an offer to purchase the 'D' shares for an amount of 12.5p per 'D' share (free of all expenses and commissions). The Company accepted the offer on behalf of shareholders and paid a single dividend to Numis as holder of all the 'D' shares of £69.4 million representing the sum of 12.5p per 'D' share plus the stamp duty payable by Numis in connection with the purchase of all the 'D' shares in issue.

Following the approval of all the resolutions presented to the Company's Extraordinary General Meeting on 1 October 2019, 552,318,406 'D' shares of 0.1p each were allotted and issued to shareholders on 2 October 2019 on the basis of ten 'D' shares for every existing 'A' and 'C' ordinary share of 40p each and one 'D' share for every existing 'B' ordinary share of 4p each held at the record date. Following the purchase by Numis of all of the 'D' shares, and payment by the Company of a single dividend to Numis of £69.4 million as holder of all of the 'D' shares on 7 October 2019, the 'D' shares were reclassified as deferred shares of 0.1p and were immediately repurchased and cancelled by the Company on 8 October 2019.

No final dividend for 2020 has been proposed for approval at the Annual General Meeting due to the temporary closure of the business as a result of the coronavirus pandemic.

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8. Property, Plant and Equipment

Group	Land & buildings £m	Plant, machinery & vehicles £m	Fixtures & fittings £m	Total £m
Cost				
At 31 March 2018	528.4	43.0	160.7	732.1
Additions	12.5	4.1	17.3	33.9
Acquisitions	20.6	–	–	20.6
Disposals	(2.5)	(0.2)	(3.6)	(6.3)
Derecognition of assets	–	–	(1.9)	(1.9)
Transfer to assets held for sale	(25.0)	(40.7)	(15.9)	(81.6)
At 30 March 2019	534.0	6.2	156.6	696.8
Additions	36.0	0.3	15.4	51.7
Acquisitions (note 13)	42.2	–	2.1	44.3
Disposals	(2.2)	–	(5.0)	(7.2)
Transfer to investment property	(0.2)	–	–	(0.2)
Transfer to assets held for sale	(2.2)	–	(0.2)	(2.4)
At 28 March 2020	607.6	6.5	168.9	783.0
Depreciation and impairment				
At 31 March 2018	40.4	26.7	100.9	168.0
Provided during the year – continuing operations	3.6	0.5	14.4	18.5
Provided during the year – discontinued operations	0.4	1.9	1.0	3.3
Disposals	(0.1)	(0.1)	(3.1)	(3.3)
Impairment loss net of reversals	(0.7)	–	1.9	1.2
Derecognition of assets	–	–	(0.9)	(0.9)
Transfer to assets held for sale	(3.9)	(27.7)	(11.1)	(42.7)
At 30 March 2019	39.7	1.3	103.1	144.1
Provided during the year	3.8	0.5	13.6	17.9
Disposals	(0.7)	–	(4.4)	(5.1)
Impairment loss net of reversals	8.5	–	0.1	8.6
Transfer to assets held for sale	(0.1)	–	(0.1)	(0.2)
At 28 March 2020	51.2	1.8	112.3	165.3
Net book value at 28 March 2020	556.4	4.7	56.6	617.7
Net book value at 30 March 2019	494.3	4.9	53.5	552.7
Net book value at 31 March 2018	488.0	16.3	59.8	564.1

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9. Impairment

Group	2020 £m	2019 £m
Impairment losses net of reversals		
Intangible assets	3.7	–
Property, plant and equipment	8.6	1.2
Right-of-use assets	6.6	–
	18.9	1.2

During the 52 weeks ended 28 March 2020, the Group recognised an impairment loss of £8.6 million (2019: £1.2 million) in respect of the write down of a number of licensed properties where their asset values exceeded the higher of fair value less costs to sell or their value in use. Post IFRS 16 also includes impairment of right-of-use assets of £6.6 million in relation to five properties where asset values exceeded the higher of the fair value less costs to sell or their value in use (30 March 2019: £nil). The impairment losses were driven principally by changes in the local competitive environment in which the pubs are situated as well as the significant impact coronavirus will have on these pubs.

During the 52 weeks ended 28 March 2020, the Group recognised an impairment loss of £3.7 million in relation to previously acquired goodwill recognised on acquisition of The Stable Pizza & Cider Limited. The impairment loss was principally driven by poor performance during the year and the sale of the Company post year end, refer to note 15.

10. Leases

Amounts recognised in the Balance Sheet

Group	2020 £m	31 March 2019 ¹ £m
Right-of-use assets		
Properties	105.1	101.0
Equipment	0.8	1.2
Vehicles	1.1	0.7
	107.0	102.9
Lease liabilities		
Current	8.9	7.7
Non-current	104.0	92.7
	112.9	100.4

1 In the previous year, the Group accounted for operating leases under IAS 17, Leases.

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10. Leases (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group	Property £m	Vehicles £m	Equipment £m	Total £m
Net carrying value as at 31 March 2019	101.0	0.7	1.2	102.9
Additions	2.8	–	0.2	3.0
Lease amendments ¹	14.7	0.6	–	15.3
Business combinations	3.0	–	–	3.0
Depreciation	(9.8)	(0.2)	(0.6)	(10.6)
Impairment	(6.6)	–	–	(6.6)
Net carrying value as at 28 March 2020	105.1	1.1	0.8	107.0

¹ Lease amendments include lease terminations, modifications, reassessments and extensions to existing lease agreements.

As at 28 March 2020, the Group was committed to leases with future cash outflows totalling £3.3 million which had not yet commenced and as such are not accounted for as a liability. A liability and corresponding right-of-use asset will be recognised for these leases at the lease commencement date.

11. Analysis of Net Debt

	Post IFRS 16				At 28 March 2020 £m
	At 30 March 2019 £m	Transition to IFRS 16 £m	Cash flows £m	Non cash ¹ £m	
52 weeks ended 28 March 2020					
Cash and cash equivalents:					
Cash and short-term deposits	11.0	–	9.3	–	20.3
	11.0	–	9.3	–	20.3
Financial liabilities					
Lease liabilities	–	(100.4)	11.2	(23.7)	(112.9)
	–	(100.4)	11.2	(23.7)	(112.9)
Debt:					
Bank loans ²	(228.5)	–	57.0	(0.2)	(171.7)
Other loans	(0.2)	–	–	0.2	–
Debenture stock	(25.9)	–	–	–	(25.9)
Preference shares	(1.6)	–	–	–	(1.6)
Total borrowings	(256.2)	–	57.0	–	(199.2)
Net debt	(245.2)	(100.4)	77.5	(23.7)	(291.8)

¹ Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued, movements in lease liabilities and corporate disposals.

² Bank loans net of arrangement fees.

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11. Analysis of Net Debt (continued)

	Pre IFRS 16			
	At 30 March 2019 £m	Cash flows £m	Non cash ¹ £m	At 28 March 2020 £m
52 weeks ended 28 March 2020				
Cash and cash equivalents:				
Cash and short-term deposits	11.0	9.3	–	20.3
	11.0	9.3	–	20.3
Debt:				
Bank loans ²	(228.5)	57.0	(0.2)	(171.7)
Other loans	(0.2)	–	0.2	–
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(256.2)	57.0	–	(199.2)
Net debt	(245.2)	66.3	–	(178.9)

	At 31 March 2018 £m	Cash flows £m	Non cash ¹ £m	At 30 March 2019 £m
52 weeks ended 30 March 2019				
Cash and cash equivalents:				
Cash and short-term deposits	11.7	(0.7)	–	11.0
	11.7	(0.7)	–	11.0
Debt:				
Bank loans ²	(185.9)	(42.3)	(0.3)	(228.5)
Other loans	(0.2)	–	–	(0.2)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(213.6)	(42.3)	(0.3)	(256.2)
Net debt	(201.9)	(43.0)	(0.3)	(245.2)

1 Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued and corporate disposals.

2 Bank loans net of arrangement fees.

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12. Retirement Benefit Obligations

The amount included in the Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement plan are:

	2020	2019
	£m	£m
Fair value of Scheme assets	123.8	111.9
Present value of Scheme liabilities	(128.5)	(148.3)
Deficit in the Scheme	(4.7)	(36.4)

	Defined benefit obligation		Fair value of Scheme assets		Net defined deficit	
	2020	2019	2020	2019	2020	2019
	£m	£m	£m	£m	£m	£m
Balance at beginning of the year	(148.3)	(142.0)	111.9	109.5	(36.4)	(32.5)
Included in profit and loss						
Current service cost	-	-	-	-	-	-
Net interest cost	(3.7)	(3.6)	3.1	2.8	(0.6)	(0.8)
	(3.7)	(3.6)	3.1	2.8	(0.6)	(0.8)
Included in Other Comprehensive Income						
Actuarial gains/(losses) relating to:						
Return on scheme's assets (less amounts included in the net interest expense)	-	-	(13.2)	2.6	(13.2)	2.6
Experience gains/(losses) arising on Scheme liabilities	19.1	(7.6)	-	-	19.1	(7.6)
	19.1	(7.6)	(13.2)	2.6	5.9	(5.0)
Other						
Employer special contribution	-	-	24.0	-	24.0	-
Employer contributions	-	-	2.4	2.2	2.4	2.2
Benefits paid	4.4	5.2	(4.4)	(5.2)	-	-
GMP Equalisation	-	(0.3)	-	-	-	(0.3)
	4.4	4.9	22.0	(3.0)	26.4	1.9
Balance at end of the year	(128.5)	(148.3)	123.8	111.9	(4.7)	(36.4)

Key assumptions

The key assumptions used in the 2020 valuation of the Scheme are set out below:

Key financial assumptions used in the valuation of the Scheme	2020	2019
Rate of increase in pensions in payment	2.85%	3.30%
Discount rate	2.40%	2.40%
Inflation assumption – RPI	2.85%	3.35%
Inflation assumption – CPI	1.95%	2.35%

Mortality assumptions	2020	2019
	Years	Years
Current pensioners (at 65) – males	22.1	22.0
Current pensioners (at 65) – females	24.3	23.9
Future pensioners (at 65) – males	23.4	23.4
Future pensioners (at 65) – females	25.8	25.5

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12. Retirement Benefit Obligations (continued)

	2020	2019
	£m	£m
Assets in the Scheme		
Corporate bonds	26.9	27.4
Gilts	24.0	–
UK equities	17.0	21.3
Overseas equities	20.9	22.3
Alternatives	30.5	36.5
Cash	0.9	0.8
Annuities	3.6	3.6
Total market value of assets	123.8	111.9

13. Business combinations

During the 52 weeks ended 28 March 2020, the Company acquired 100% of the shares of Cotswold Inns & Hotels Limited, a business incorporated in the UK and consisting of seven premium hotels and two bars. A further pub was bought and treated as a business combination as it was operating as a business at the point the Company acquired it. Both these transactions have been accounted for by the purchase method of accounting.

	Cotswold Inns & Hotels 2020	Pubs and Restaurant 2020
Number of pubs/hotels/ restaurants purchased	9	1

	Cotswold Inns & Hotels 2020	Pubs and Restaurant 2020
	£m	£m
Fair value		
Property, plant and equipment	40.6	3.7
Right-of-use assets	3.0	
Current assets	1.2	–
Lease liabilities	(3.0)	
Current liabilities	(3.7)	–
Deferred tax	(3.2)	–
Borrowings	(8.4)	–
Cash and cash equivalents	1.3	–
Net assets acquired	27.8	3.7
Goodwill	2.6	–
Total consideration	30.4	3.7
Net outflow of cash		
Cash consideration paid	30.4	3.7
Repayment of third party loans on acquisition	8.4	–
Cash and cash equivalents acquired	(1.3)	–
Net cash outflow in respect of purchase of businesses	37.5	3.7

From the date of acquisition, Cotswolds Inns & Hotels contributed £5.2 million of revenue and a £0.5 million loss to profit before tax to continuing operations of the Group. The impact of coronavirus was an estimated loss of £0.3 million.

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13. Business combinations (continued)

If the combination had taken place at the start of the financial year, Cotswolds Inns & Hotels would have expected to contribute £17.0 million of revenue and £2.3 million of profit before tax.

The consideration paid is the enterprise of £40 million less any working capital adjustments.

14. Discontinued operations

On 27 April 2019, the Group sold its entire beer business to Asahi Europe Ltd ("AEL"), a wholly owned subsidiary of Asahi Group Holdings Ltd ("Asahi"), for an enterprise value of £250.0 million on a debt free basis including any cash left in the business.

The business sold comprised the entirety of Fuller's beer, cider and soft drinks brewing and production, wine wholesaling, as well as the distribution thereof, and also includes the Griffin Brewery, Cornish Orchards, Dark Star Brewing and Nectar Imports (referred to as the "Fuller's Beer Business"). Accordingly, they have been reported as discontinued operations in the Annual Report for the 52 weeks ended 28 March 2020.

(a) Financial performance and cash flow

The financial performance and cash flow information presented reflects the operations for the one month ended 27 April 2019.

	52 weeks ended 28 March 2020 £m	52 weeks ended 30 March 2019 £m
Revenue		
Segment revenue	13.1	161.4
Inter-segment sales	(4.1)	(55.0)
Revenue from third parties	9.0	106.4
Segment result	0.6	10.1
Operating separately disclosed items	–	(1.6)
Operating profit	0.6	8.5
Net finance costs	–	–
Profit from operating activities – discontinued operations	0.6	8.5
Net gain/(loss) on sale of discontinued operations	162.4	(5.4)
Profit before tax – discontinued operations	163.0	3.1
Taxation	(0.1)	(1.4)
Analysed as:		
Underlying trading	(0.1)	(2.0)
Separately disclosed items	–	0.6
Profit from discontinued operations	162.9	1.7
Attributable to:		
Equity shareholders of the Parent Company	162.9	1.5
Non-controlling interest	–	0.2
Net cash inflow from operating activities	0.6	0.3
Net cash inflow/(outflow) from investing activities	225.4	(4.2)
Net increase/(decrease) in cash generated by the Fuller's Beer Business	226.0	(3.9)
Other segment information		
Additions to property, plant & equipment	–	4.2
Business combinations	–	2.0
Depreciation and amortisation	–	3.6

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14. Discontinued operations (continued)

	52 weeks ended 28 March 2020	52 weeks ended 30 March 2019
Earnings per share - discontinued operations		
40p 'A' and 'C' ordinary share	Pence	Pence
Basic earnings per share	295.52	2.73
Diluted earnings per share	294.83	2.71
Adjusted earnings per share	0.91	14.37
Diluted adjusted earnings per share	0.90	14.27
4p 'B' ordinary share		
	Pence	Pence
Basic earnings per share	29.55	0.27
Diluted earnings per share	29.48	0.27
Adjusted earnings per share	0.09	1.44
Diluted adjusted earnings per share	0.09	1.43

(b) Details of the sale of the subsidiary

	52 weeks ended 28 March 2020 £m
Provisional consideration received	
Cash	230.5
Carrying amount of net assets sold	(47.0)
Goodwill	(11.7)
Gain on sale before income tax	171.8
Transaction costs	(9.4)
Gain net of transaction costs	162.4
Income tax expense on gain	-
Gain on sale after income tax	162.4

The consideration received is the enterprise value of £250.0 million less working capital adjustments and provision.

15. Post Balance Sheet Events

In response to the coronavirus pandemic and the temporary closure of the entire estate at the end of March, management have taken a number of steps to mitigate the financial impact of the pandemic. The Group has strengthened the Balance Sheet by accessing the Bank of England Covid Corporate Financing Facility ("CCFF") programme which have issued £100 million of Commercial Paper with access to a further £50 million. The CCFF provides short-term unsecured debt and is repayable in May 2021. Management have also agreed with their lenders that the existing quarterly covenant tests (through to and including September 2020) are revised to be based primarily on liquidity headroom metrics, deemed to be a more appropriate measure while the Group's pubs and hotels remain closed. The above measures are on top of the existing and ongoing cost reducing initiatives, which include minimising the Group's outgoings across the business and accessing some of the Governments support packages (such as Coronavirus Job Retention Scheme) in order to safeguard employment.

On 15 March 2020, the Group made the decision to cancel tenant's rent due to the closure of all pubs. In April and May 2020, this resulted in a total of £1.2 million loss of earnings.

The Stable Pizza and Cider Limited and its subsidiary The Stable Bar and Restaurant Limited was disposed of on 7 June 2020. The Group disposed of non-current assets of £12.1 million, current assets of £0.4 million, current liabilities of £2.1 million and non-current liabilities of £10 million. The consideration received was equal to the Group's net assets.