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About *Us*

Daniel Thwaites PLC is one of the UK's longest established family brewers with a strong regional presence in the North of England.

We have an estate of approximately 300 freehold properties, comprising pubs, inns, hotels & spas and our craft brewery. Our strong family connections shape the way we do business with an eye for quality and a generous blend of innovation, craftsmanship and warm hospitality.

We look for our properties to be the best in their local market place; and to drive value for our shareholders and customers. They put their trust in us to deliver superb hospitality in outstanding properties in great locations and of course, brew some fabulous beers along the way.



Financial *Highlights*

TURNOVER

£96.0m

2021: £32.2m

OPERATING PROFIT (LOSS)

£13.3m

2021: (£9.4m)

PROFIT (LOSS) BEFORE TAX

£12.7m

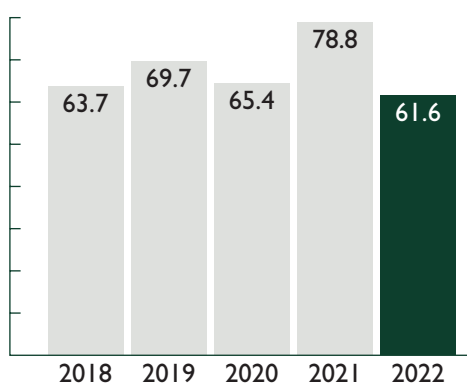
2021: (£12.4m)

EARNINGS (LOSS) PER SHARE

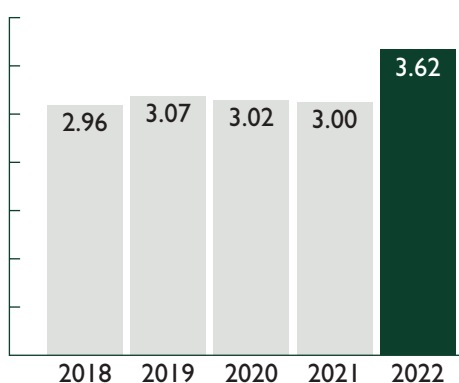
20.6p

2021: (17.8p)

NET DEBT £m



NET ASSETS PER SHARE £



Strategy

Daniel Thwaites is a deliberately diversified regional hospitality and leisure business operating in the pub and hotel market predominantly in England. The business has been built up with an eye for quality, a premium offer and differentiation.

OUR PURPOSE – WHY WE EXIST

Our purpose is to make people feel at ease. We do that through our real hospitality, delivered in a socially responsible way, by friendly faces in our outstanding properties in great locations.

OUR STRATEGY - HOW WE DRIVE DIFFERENTIATION AND CREATE VALUE

Our strategic framework of performance drivers guides continuous improvement, innovation and change within the business so that it does not stand still and is agile in developing for the future.

REAL HOSPITALITY

In each of our properties we challenge ourselves to continue to adapt and improve our high standards of service time and again to bring a premium experience to our customers, making it easy for them to decide to return or to visit us in one of our other properties.

We take special care in crafting the offering in each of our properties to provide thoughtful and delightful touches and small details that make a big difference. Our properties are all unique and our attention to detail brings out their individuality.

FRIENDLY FACES

Our business would be nothing without our incredible people and teams. We seek to attract and retain energetic people who have a natural desire and ability to make people feel at ease.

CULTURE

As a result of the diversification of our business across a number of differing markets we have a valuable insight into how different things work in different settings. We have a culture of collaboration, sharing and learning across the business, working as one single organisation to adopt best practice.

SOCIAL RESPONSIBILITY

We are socially responsible throughout our business and do what we believe to be the right thing. In particular we offer the highest quality, sustainable products. Wherever possible we source our products and services locally and it is always our preference to buy British if possible.

OUTSTANDING PROPERTIES IN GREAT LOCATIONS

We expect our properties to be the best in their area and this requires us to continually improve the quality of the estate and the returns we make. We review our properties regularly to recycle capital where we believe a property cannot meet the returns available to us elsewhere.



We recognise the importance of regular investment in our freehold assets, keeping them in good order. When we do invest, we create high quality design driven schemes that enhance the customer experience.

OUR BUSINESSES

We believe that the diversification of the business provides some resilience throughout the normal course of the business cycle. We also believe that in the long term the freehold ownership of our portfolio is preferable to operating leasehold properties and adds long term value and protection.

THWAITES PUBS

Over time we have assembled an estate of pubs that represents the best of the Great British Pub – friendly locals, serving lovely beers and offering wonderful home cooked food at the heart of their community.

OUR TENANTED PUBS

We own an estate of well invested tenanted pubs that has been built up over two centuries and can count amongst it some of the best pubs in the country. The tenancies are run in partnership with entrepreneurial operators where both parties' interests are aligned in building and running a successful pub, and our teams are on hand to provide business support and help solve day to day issues. The shared income model of a tenanted pub provides a robust model that is cash generative. Our tenanted pubs also support our brewery providing a vital route to market for our beers.

OUR MANAGED PUBS

We own a small number of managed pubs, which either by virtue of their size or because in due course they will be converted to tenancies, we run under direct management. These are pubs that have a long-term sustainable future within the business, where we can take advantage of our central infrastructure running our other managed properties to trade them profitably.

THWAITES BREWERY.... CRAFT BREWERS SINCE 1807

Brewing is in our blood, it's what we do day in, day out. It's not just a job, it's a way of life and has been for over 200 years.

Since Daniel Thwaites first set out from his family farm in the Lake District and started his brewery in 1807, our brewers have continued to create beautifully balanced, delicious beers. We believe that the heritage of our brewery brings a rich equity to the rest of our business. We are proud of the quality of the beers we brew and only sell our beers in our own properties; we think that makes them that little bit more special and provides another reason to visit.

STAYING WITH DANIEL THWAITES..... SMALL DETAILS, BIG DIFFERENCE

We have been passionate about delivering superb hospitality since Daniel opened his first pub over 200 years ago. Be it a trip away for business or leisure, we know how important it is to be comfortable, well looked after and feel welcome. Immense care and attention has been taken in putting together a collection of hotels, spas and inns with an eye to quality and beautiful and thoughtful touches which appeal to a discerning customer base.

OUR INNS - MANAGED PUBS WITH BEDROOMS:

We own and run a portfolio of larger pubs, or inns, with typically between 20-40 bedrooms, where the income split is broadly equal between the rooms, food and drink.

Our inns are typically old and historic buildings that ooze charm. We build on this through investment in thoughtfully designed schemes to modernize them and make them feel characterful and special. We serve home cooked food and interesting specials that places them above normal pub grub. Our inns are operated to at least a four star and in most cases five star level.

OUR HOTELS AND SPA HOTELS:

We own and operate a family of ten hotels & spas with a strong local following that stand out from the mass market chains. We enrich the customer offer by creating different experiences throughout our hotels and are unwavering in ensuring that the products and services that we provide throughout our properties are of good quality and the design is interesting.

We invest thoughtfully in the physical environment of our hotels to make them feel different and help our customers feel at ease. We actively want to stand out from the international chains by providing a more enjoyable environment, characterised by interesting design, friendly service, home cooked food and attention to detail.

Chairman's *Statement*

After another challenging year Daniel Thwaites has emerged from the COVID-19 pandemic in a strong financial position. Our priority for the past two years has been to take decisive action to control our cost base and debt levels to protect the business for a time when we could put restrictions and a loss of liberty behind us.

The Company and our teams have risen to this task in the most impressive fashion and I am immensely proud of the way in which they have responded. Our decision to reinstate quality cues within our properties at the earliest opportunity after government restrictions were removed has been vindicated by strong trading, profitability being restored and the business generating significant cashflows. This has allowed us to initiate investments for the future, start to make acquisitions and confidently set ourselves back on a path for growth which the pandemic temporarily disrupted.

Once more our family values, and the strong culture within the business has helped us to come through all that has been thrown at us. Well publicised issues with recruitment coupled with natural attrition to our teams from repeated lockdowns and closure has meant that for much of the year we have had significant numbers of vacancies across all of the business. This has been extremely testing for our teams and the way that they have responded by going the extra mile, being inventive and resourceful is humbling.

Different parts of the business have pulled at different speeds throughout the year, with outdoors areas playing a hugely important role for our pubs, despite there being no prolonged period of sunny weather last summer. Likewise, the leisure facilities in our hotels and spas and the honeypot locations of our inns have been very helpful in a strong staycation market. As a result, despite long periods of disruption the business has traded well and has been able to capitalise on its premium levels of service and positioning, which in turn has produced a strong set of results.

RESULTS

For the second year running the business was not able to trade without some form of government restrictions for 23 weeks. We started the year with the business shut, opening with outdoor trading space only on 12 April, which accounted for about half of our pubs and all of our inns and hotels.

The remaining properties opened on 17 May, with limited capacity due to social distancing measures, which were removed on 19 July. Trading throughout the key summer period was very encouraging and in the first half of the year the pubs and the inns traded strongly, particularly those with good outside areas, which benefited from investments made in anticipation of people wanting to get out and about but nervous of indoor areas.

The leisure market for our hotels was also strong and we were able to achieve strong growth in room rates in both the hotels and inns as a result of the strong summer staycation market. The corporate hotel market began to pick up once the summer leisure business tailed off in September, and this built steadily over the following month.

On 10 December we embarked upon Plan B measures in the face of trying to pre-empt the unknown Omicron variant. These measures mandated and advised the use of face masks in most public settings as well as COVID passes and guidance to work from home. Although hospitality settings were excluded for customers who were seated the measures destroyed confidence and the all-important Christmas season was largely lost.

Plan B measures were ended on 27 January, with the business starting to rebuild itself once more between 27 January and its year end on 31 March.

Despite these material levels of disruption, the financial performance has been resilient given the circumstances, with turnover increasing to £96.0m (2021: £32.2m; 2020: £98.1m) and an operating profit of £12.3m (2021: £(9.6)m; 2020: £12.6m). The earnings per share was 20.6p (2021: (17.8)p; 2020: 5.6p).

Net Debt at 31 March 2022 was £61.6m (2021: £78.8m; 2020: £65.4m), broadly similar to that at the interim results at 30 September 2021 despite the disruption to the winter season.

The Bank of England has now started to respond to higher inflation arising from the unprecedented amounts of monetary and fiscal stimulus funded through central government debt in response to the pandemic, and subsequently the actions of Russia in Eastern Europe.

Interest rates have now risen from their all-time low of 0.1% to 1% with market speculation that they will rise further. Increases in interest rates and the discount rate used to value the Company's pension scheme and swap liabilities have a positive impact on their mark to market valuations. As a result, we have seen a gain of £3.8m on our swap liabilities and a decrease in our pension liabilities of £30.0m, such that the pension scheme is now showing a surplus of £10.1m for the first time in many years.

The profits retained for the year together with these mark to market gains provided a net asset value per share at the year-end of £3.62 (2021: £3.00; 2020: £3.02).

ACQUISITIONS, DEVELOPMENTS AND DISPOSALS

During the year we acquired The Red Lion at Burnsall to join our Inns. This is an iconic coaching inn, sitting alongside the River Wharfe in the Yorkshire Dales, and we have exciting plans to develop its 25 bedrooms and 5 holiday cottages in the coming year.

In addition, we have acquired a number of staff houses to assist us in recruiting team members in some of our more rural locations and we believe that this gives us an advantage in these local markets, particularly in Cumbria and the Yorkshire Dales.

The Company has sold 15 bottom end pubs and our old brewery site in Blackburn, with total proceeds of £7.5m.

DIVIDEND

The Board understands that the dividend plays an important role for shareholders and that one has not been paid whilst the Company was making losses and sought to protect its financial health for the future. Now that the Company is making profits once more the Board recommends reinstating a final dividend. There is still much uncertainty about the pace and strength of any recovery, as well as an increasingly challenging domestic economic picture. The Board is mindful of maintaining a dividend distribution that is prudent and sustainable, with a view to increasing it as conditions permit, as a result the Board recommends a final dividend of 2.2 pence per share.



Chairman's *Statement* continued

PEOPLE

I have written above of the way that our teams have pulled us through the last two years, and we would not be in the strong position that we are without them. I was delighted that we recently held our Pride of Thwaites Awards, which celebrates and recognises the outstanding contribution that they make. Whilst I am immensely grateful to all of our team members, I would like to highlight the role that the area business managers of our tenanted pubs have played over the past two years. It has been far from easy and we have asked much of them, however they are justly winners of our Team of the Year Award.

I would also like to thank our shareholders, who have supported the business so strongly over the past two years. I am pleased that we have been able to restart paying them a dividend and hopeful that we are embarking on a path of dividend growth.

OUTLOOK

It is possible that the interruption of COVID may have been contained within the past two sets of financial results, certainly we all hope that is the case. From 1 April 2022 government financial support was largely withdrawn and the business is now trading with a new set of challenges.

Our new headwinds are of a different nature, largely outside our control, which we are working our way through. Staffing our properties, particularly our kitchens continues to be a major issue and everywhere you turn inflation of our everyday goods is rampant, a dynamic that has not been present for many years.

Supply chain issues are continuing to cause major problems with on-going out-of-stock products and shortages. Investment schemes are experiencing long lead times and cost increases, both of underlying goods and from the exchange rate impact of a weak pound. Together these are threatening to undermine the feasibility of some projects that for the time being are expensive to deliver and so hamper our ability to invest.

As we grapple with these issues the country now, more than ever, needs its businesses to be trading freely and investing to help to pay off our national debt. The government is in a position to help businesses firstly by seeing through its promised reform of business rates and secondly by opening up the labour market by relaxing measures to allow some foreign workers to come into the country in a controlled manner through short term employment licenses. We continue to lobby the government strongly in both areas as well as other tax reforms to lessen the burden on pubs.

None of these issues are ours alone, we are only able to manage our own destiny and are confident in our ability to do so. To that end we continue to improve the quality of our estate and our offering and our recent trading over Easter has been promising. Our properties are well invested and attractive, ready to make the most of the coming summer season. Our customers are becoming more adventurous and people's new socialising habits are becoming clearer.

Like us, our customers are ready to put the pandemic behind them, meet their friends and family and rediscover that time spent with others, and the enjoyment of our pubs, inns and hotels makes life a little brighter.

R A J Bailey
Chairman
14 June 2022

Strategic *Report*

OPERATING REVIEW

OVERVIEW

The biggest challenge in the year was not the managing of COVID and opening and closing, which we learnt to do last year, but the staffing of the teams in our pubs, inns, hotels, and spas. For much of the year we had vacancies across many of the departments, particularly in our kitchens, housekeeping teams and front of house.

It is not completely clear why the UK, like much of the world is facing a shortage of employable labour, it is also not possible to separate the effects of Brexit, which was now nearly six years ago, from the pandemic. However, reports of around 1.5 million people leaving employment through either going back overseas, leaving the hospitality industry or choosing to retire early probably cover most of this shortfall, none of it helpful.

It is very frustrating when the customer demand is there not to be able to make the most of it and we have worked hard to make sure that we are better positioned for this coming summer. That said, the business turned in a strong performance for the year given the disruption that it faced.

We have developed our order and pay capabilities further which has the benefit of reducing the intensity of front line order taking and allows the team to focus on delivering food and drink. We have obtained a sponsorship license to bring skilled labour in from abroad, which has had some impact in helping to bolster our kitchens and senior front of house teams. We are having to be much more flexible in our rotas, as people generally seem to want to work fewer hours, and we have recruited a number of older people returning to the workforce in retirement, as well increasingly some of those who have left the industry but miss the human contact.

We have boosted our employee benefits, as well as moving to a higher than minimum wage for younger team members. We have had some success with our URefer scheme, which rewards team members for helping us to find new people and we have strengthened our induction and training process, together with developing our ELMA happiness and performance reviews. There is no silver bullet, but many threads create the tapestry of our teams and we continue to think of new ways to attract and retain the best talent.

Increasing costs are also a major challenge and we have been forced to increase our prices in response, continuing to monitor the pricing of our competition to make sure that we stay within the cohort but at a level that reflects the quality of our properties. We raised our prices in December, tweaked again in April and are likely to have to increase again later this year. Utility prices are also a major concern and whilst we have had the benefit of some forward contracts these will expire towards the latter part of this year, at which point we will be exposed to market increases. We will protect our position as far as possible, however some real pain will be felt, which will put our profits under pressure.

Our supply chain has been fragile and in response to this we have reformulated menus to take advantage of what is available. This has meant slimming the menus down and relying more on specials, which helps us to create more interesting and seasonal alternatives. We have also had interruptions to our drinks supplies, which have been difficult to manage, particularly in our tenanted pubs, where the temptation is to go elsewhere.

The steps that we continue to take to premiumise our offer across all of our properties have been helpful as we are riding a strong consumer trend. The investments in our properties over the last few years puts us in a position to make the most of that trend. Premiumisation extends not only to the drinks ranges in our pubs, where premium world lagers, cocktails and gin amongst other things have been very popular, but also in our restaurants where people have been treating themselves when out and we have had significant interest in lobsters, Exmoor caviar, fillet steaks and large premium sharing platters, all of which present good margin opportunities.

Strategic *Report* continued

FINANCIAL RESULTS

To give our results their full context the table below illustrates the impact of closure orders and restrictions on the Company's ability to trade:

Turnover for the year was £96.0m (2021: £32.2m), the business was shut for 3% of the year and traded under restrictions for a further 40% of the time. When trading under Plan B and the associated government messaging our customers lost confidence and people socialised less in December to protect Christmas and to shield the vulnerable from infection at this time. The operating profit for the year was £12.3m (2021: operating loss £9.6m). Net debt decreased to £61.6m (2021: £78.8m) a decrease of £17.2m. At the year end the company had banking facilities of £83m.

The results in the year benefited from government support in the form of business rate concessions, lower rates of VAT and grants. This support was withdrawn from 1 April 2022 with the exception of the 2022/23 Retail, Hospitality and Leisure Business Rates Relief (RHL) scheme which provides eligible, occupied, retail, hospitality, and leisure properties with a 50% relief, up to a cash cap limit of £110,000 per business from 1 April 2022 to 31 March 2023. This is of benefit to our tenanted pubs but our managed properties do not qualify.

IMPACT OF COVID-19 RESTRICTIONS FROM 1 APRIL 2021 TO 31 MARCH 2022

	No of days	% of year	Government measures	Sales v 2019/20
1 April 2021 to 11 April 2021	11	3%	Lockdown - shut	1%
12 April 2021 to 16 May 2021	35	10%	Open outdoor areas only	60%
17 May 2021 to 18 July 2021	63	17%	Open with restrictions	102%
19 July 2021 to 9 December 2021	144	39%	Fully open to trade	110%
10 December 2021 to 26 January 2022	48	13%	Plan B restrictions	94%
27 January 2022 to 31 March 2022	64	18%	Fully open to trade	133%
	365	100%		98%

PUBS AND INNS

	2022	2021	2020
Turnover £m	52.1	19.0	52.8
EBITDA* £m	18.8	5.4	18.1
Operating profit £m	15.6	1.9	14.5
Average number of pubs and inns	233	238	238

*EBITDA is operating profit before depreciation and is reconciled to operating profit in the Financial Review on page 16

UNDERSTANDING OUR PUBS

Our freehold estate of tenanted pubs numbers approximately 215 properties. We continue to recycle capital into new, more attractive tenanted and managed pub opportunities, where there is the potential to invest and add value and so we continue to dispose of pubs that we do not believe have a long-term future with us.

Our pub estate encompasses community locals to destination food led pubs in both rural and town centre locations, ranging geographically from Cumbria to the Midlands, and from North Wales to Yorkshire. In the trading environment during the pandemic the geographic diversity of the pub estate and the lack of exposure to major city centres has provided some resilience.

We have been operating tenanted pubs for a long time, and we have a strong reputation for our well-established approach. We strongly value our reputation as a partner of choice, acting with integrity, and focusing on investing alongside proven operators to expand and improve the premises with a focus on establishing good quality food offerings. Where the property has the scope, and we believe the demand exists, we support the development of letting bedrooms. We have an estate of high quality, sustainable businesses with multiple income streams that have the ability to generate attractive cashflows.

Our tenanted pubs are a mature business and we aim to deliver returns at least in line with inflation. They tend to be heavily influenced by weather and so are subject to the vagaries of the British summer.

PUBS PERFORMANCE

The tenanted pubs re-opened their outdoor areas with table service only after lockdown from 12 April and about two-thirds of them were able to do so. The creativity that our tenanted operators showed to maximise the number of customers that they could serve by converting carparks, pavements and spare land into trading space, together with erecting tents, marquees and other structures to deal with the inclement weather was truly inspiring and epitomised why pubs are at the heart of their communities. The steps that the government has since taken to extend pavement licenses permanently will be helpful.

It was the case that the more real and obvious the effort put in to re-opening these pubs was directly correlated to their success and with a patch of good spring weather, customers were quick to flock back to their local and support it after winter months of lockdown and confinement.

The remaining pubs opened on 17 May, when indoor trading was permitted, albeit with social distancing measures in place until 19 July. There was no further sustained period of good weather throughout the summer but beer sales grew steadily, such that by the autumn they had regained their 2019 volume levels, before another period of disruption in the winter, after which they started to rebuild their trade once again.

There were no acquisitions of tenanted pubs in the year and very little has come to the market which would suit us. We disposed of 15 pubs to which we could no longer add any future value.

During the year we completed four development projects at a cost of £0.7m. The largest of which was The Foundry in Blackburn, with schemes also completed at the Fox & Hounds, Ewood, the Eagle & Child, Ramsbottom and The Clockface, Prescott.

The financial support provided to the tenanted pubs from government grants and business rate support has given a period of protection ahead of the spring and a plethora of cost increases. This will not fully mitigate the pressure that is coming to bear from price rises, particularly from utilities which are creating immense pressure on pub profitability.

Partly as a result of this and partly as a result of people reassessing their life options, we have seen an increase in the number of pubs where our tenanted partner has decided to move on. We monitor this statistic closely as it is a lead indicator of the financial health of our tenanted pubs, it has hovered at about 20 pubs all year (9% of the estate), compared with about half this number two years ago. We are continuing to receive high numbers of enquiries from new customers and are taking care to make sure that we match candidates to pubs that we believe will be successful for both parties.

BREWERY

Our craft brewery has gone from strength to strength. It has won awards for the quality of its ales and the customer feedback on the beers has been very positive, although the cask market has been challenged by changing habits. We were delighted to be recognised by CAMRA for our contribution to the beer market over the past 50 Years and to celebrate their same anniversary, as well as receiving design awards for our beer range.

We have started to reintroduce our popular range of guest ales, but cask ales have suffered significant declines over the past two years whilst people have been drinking packaged beers at home. Whilst we are proud of the beers that we produce we are investigating broadening our range into some new craft keg products. This will require a low level of investment in the brewery in the coming year.

UNDERSTANDING OUR INNS

We own and manage a growing portfolio of inns and we will continue to look to expand this segment of our business in the future through the acquisition of high quality properties in outstanding locations.

Our Inns are positioned at the premium end of the market, they have a busy bar at their core, a home cooked food offering and high quality, comfortable accommodation – they focus on providing outstanding hospitality and offer an attractive and more personal alternative to the mid-market hotel chains.

This segment of the market has performed strongly over the past few years and is positioned for continued growth as customers look for something special that is authentic and honest, delivered by operators who can provide a quality experience consistently.

INNS PERFORMANCE

Almost all of the Inns have large outside trading areas and so they were able to open from 12 April and very quickly started to trade strongly. Over the summer period we were seeing weeks where the trading performance was up by 20% per week, but this benefited from VAT support from the government, on a like for like performance this was more like 12%. The Inns even showed single digit growth against the Eat Out to Help Out Scheme in the previous year.

In parts the Inns performance was held back by not being able to recruit sufficient team members, where in order to protect the offering and quality of the service we restricted trade.

Strategic *Report* continued

This was most acute in the National Parks, which are presently devoid of any foreign workers, a resource that they have relied upon in the past.

When all was said and done, the Inns had an outstanding year, with some star performances, particularly at The Royal Oak, Keswick, The Lister Arms, Malham, The Beverley Arms and the Bulls Head, Earlswood.

The Pendle Inn, Barley joined the Inns for its first full year of trading and we have plans to develop this in the coming year, Barley is a beautiful location at the foot of Pendle Hill and walkers flock to it throughout the year. In October we purchased the Red Lion, Burnsall; another honeypot rural location, and after some teething problems in assembling a new team, this property is now performing strongly and will be a high performer for the future.

The opportunity arose in the autumn to acquire Lendal House, a beautiful listed building adjacent to the Judge's Lodgings, York and this will be developed to provide an additional ten bedrooms, which will complement the 21 bedrooms that we have already.

We have also acquired additional staff houses to strengthen our ability to recruit team members in Keswick, Penrith and Beverley. This has been a necessary reaction to the problems of recruitment but should give us an advantage in each of those markets.

UNDERSTANDING OUR HOTELS & SPAS

	2022	2021	2020
Turnover £m	43.9	13.2	45.3
EBITDA* £m	10.1	(1.0)	10.0
Operating profit(loss) £m	7.0	(4.3)	6.5
Average number of hotels	10	10	10

*EBITDA is operating profit before depreciation and is reconciled to operating profit in the Financial Review on page 16

We own and operate ten hotels which are spread across England. Our hotels are positioned towards the premium end of the market and most have leisure and spa facilities. In recent years we have invested in them to amplify the individual character of each hotel in its local area, supported by a great food and drink offering with local nuances. Our vision, similar to our inns, is to create a collection of interesting, characterful contemporary hotels, that are the best in their local area.

HOTELS & SPAS PERFORMANCE

The hotels were slower to build sales after re-opening as for the second year running they were not allowed to open properly until late July. Once they did open, they traded well and were well positioned to take advantage of the staycation market. We worked hard to add to their offer to maximise spend per head and cash margin. This included upgrading supplements to room packages, expanding the range of treatments in our spa treatment rooms, which were very busy, upscaling our restaurant specials and serving thousands of cocktails.

The corporate bedroom and conference business overall was weak throughout the year but gaining momentum by the autumn. This was put into sharp reverse by the work from home order in December and January which was a major setback and at the time impacted the all-important Christmas party season - which was a write-off. Weddings had a busy season in the summer and autumn as people took the opportunity to catch up on those lost the previous year. This seems to be a trend that looks like it will continue into the coming year as we have strong forward bookings. The leisure business has been strong all year and reflects a changing mix in the sales for the hotels, we will aim to hold onto this business and use the corporate business to backfill our occupancy, typically at marginally lower rates.

Hotel profitability returned to a level equivalent to 2019/20, which was a very satisfactory result given the level of disruption.

SUMMARY AND FUTURE DEVELOPMENTS

Our strategy last year was to maintain the quality of our offering in all areas, push service levels higher than our competition and trade the business for cash, to protect the strength of our balance sheet and the financial health of the business coming out of the pandemic. The business has re-established its profitability, albeit with some government support and saving a disaster, it really does feel like we have been able to move on from the past two years of closure and disruption.

The issues now facing the business are different but no less immediate. Managing high levels of inflation requires us to be nimble in our offering, whilst not diluting it and be agile in responding to price rises, passing them on wherever possible without overly subduing demand.

Our approach in the coming year will therefore not be radically different, the major change being that now we have more confidence about our ability to trade uninterrupted by government intervention, which means that we can position ourselves to start to reinvest in the properties and the business, to regain our growth and momentum for next year and beyond.

We are therefore in the advanced stages of developing a number of investment schemes that will help to grow our profits, and these will be started once we have a few months clear trading under our belts.

The cost of living squeeze has been much discussed in the press and will no doubt have an impact on the business. At this stage it is difficult to assess exactly how detrimental it will be, nor whether the UK economy will contract and so we should be cautious, having been careful to put the business in a position of financial strength.

We will consider acquisitions on a case by case basis, but our focus for the moment must be on the core business and sticking to the knitting. We are likely to have a challenging year or two that will need all of our attention. Where outstanding opportunities do arise, we will work hard to convert them and add them to our portfolio as we have the resources to do so.

The early part of the year has seen encouraging trading, but our continuing recovery has been disjointed and halting, with a series of strong weeks then seeing inexplicable lapses. The overall trend is however positive and we are forecasting to grow our sales year on year, despite the loss of government support.

The hospitality industry is likely to face some challenging months ahead, particularly next winter if the cost of utilities do not subside. However, our businesses have been positioned to appeal to the mid-market and above, where there is more disposable income and affordability. In the medium to longer term people still want to socialise, treat themselves to a trip away or a meal out with their family and friends, so whilst we may see some short term challenges the business is invested in long term sustainable markets. The pub will continue to play its critical role – it is the social glue that holds communities together and helps people to fend off loneliness and it is difficult to see that changing in the coming years.

We are a strong business that has endured one of the most testing of times. The philosophy of freehold ownership of our assets is of huge benefit and the steps we have taken over the past year means that we do not have a legacy of debts and unpaid bills to deal with.

Real focus on our purpose, values and culture; maintaining the quality of our approach; being creative and single minded in facing the inflationary threat; and confidence in the strength of offering will mean that we will continue to strive to be the best we can be and will grow the business for the future.



Financial Review

RESULTS

Turnover for the year ended 31 March 2022 increased by 198% to £96.0m (2021: £32.2m). An operating profit of £13.3m was made compared to an operating loss of £9.4m in the prior year.

The measurement of the interest rate swaps at fair value resulted in a credit to the profit and loss account of £3.8m (2021: £1.6m).

Profit before taxation for the year was £12.7m (2021: loss of £12.4m).

BUSINESS REVIEW

The key issues facing the Group are covered in the Chairman's Statement and Strategic Report. The KPIs used by the Group to monitor its overall financial position can be summarised as follows:

	2022	2021
Group		
	£m	£m
Turnover	96.0	32.2
EBITDA	20.1	(2.2)
Depreciation	6.8	7.2
Operating profit (loss)	13.3	(9.4)
Profit (loss) before tax	12.7	(12.4)
Net debt	61.6	78.8
Earnings (loss) per share (pence)	20.6	(17.8)
Pubs and Inns		
	£m	£m
Turnover	52.1	19.0
EBITDA	18.8	5.4
Depreciation	3.2	3.5
Operating profit (before Group central costs)	15.6	1.9
Average number		
Tenanted	219	226
Managed	14	12
Hotels & Spas		
	£m	£m
Turnover	43.9	13.2
EBITDA	10.1	(1.0)
Depreciation	3.1	3.3
Operating (loss) profit (before Group central costs)	7.0	(4.3)
Average number	10	10

The principal non-financial indicators monitored by management are:

PUBS AND INNS

Utility consumption, health and safety incidents, beer volumes, customer ratings and tenant recruitment.

HOTELS

Room occupancy rates, customer ratings, health and safety incidents, spa memberships and wedding and event numbers.

INTEREST RATE SWAPS MEASURED AT FAIR VALUE

The Group has interest rate swaps for £55m which are recognised as a financial liability. The recent increases in interest rates and expectations of further increases led to a reduction in the fair value of the interest rate swaps, which resulted in a credit to the profit and loss account for the year ended 31 March 2022 of £3.8m (2021: £1.6m). See note 18 to the financial statements for further details.

INTEREST PAYABLE

Whilst loan capital has reduced from £78.5m at the start of the year to £67.0m at the year end, increasing interest rates resulted in net interest payable increasing slightly to £4.0m (2021: £3.9m).

TAXATION

There is a tax charge of £0.6m on the profit for the year, an effective rate of 4.7% due to a credit to deferred tax in respect of the pension schemes.

EARNINGS PER SHARE

Earnings per share was 20.6p (2021: loss per share 17.8p).

DIVIDEND

The last dividend paid by the Company was in January 2020, prior to the start of the pandemic. As the performance of the business has recovered strongly over the past year, the Board recommends a final dividend in respect of the year ended 31 March 2022 of 2.2p per share.

CASH FLOW AND FINANCING

The Group's net borrowing decreased by £17.2m, from £78.8m at 31 March 2021 to £61.6m at 31 March 2022 due to the recovery of the business.

The Group has £45m of long-term debt, £22m of bank loans and cash balances of £5.4m at 31 March 2022. The Group has three-year revolving credit bank facilities which are due to be renewed in the first quarter of 2023, which is less than 12 months from the date of the balance sheet. Consequently, bank loans are shown within current liabilities at 31 March 2022.

PENSIONS

The Group made contributions to the defined benefit pension schemes of £1.2m (2021: £0.4m). Whilst these schemes were closed in August 2009, the Group is committed to the long-term funding of the schemes. At the 31 March 2022 the schemes had a combined surplus, before tax, of £10.1m which was a movement of £30.0m from a deficit of £19.9m, before tax, at 31 March 2021.

The movement from deficit to surplus was due to an increase in the value of scheme assets and a significant fall in liabilities due to increases in bond yields.

PROPERTY

During the year we sold 15 pubs and our old brewery site for a total of £7.5m generating a profit against book value, after disposal costs, of £1.0m.

In line with our accounting policy, 20% of our properties were subject to a formal revaluation, and additionally an impairment review was carried out on the rest of our property estate. This resulted in an increase in the total value of our property portfolio of £1.9m, of which £2.2m was added to the revaluation reserve and £0.3m deducted from cost and charged to the profit and loss account.

TREASURY POLICY AND FINANCIAL RISK MANAGEMENT

Treasury policies are subject to Board approval. All borrowings are in sterling and comprise a mixture of fixed interest loans and facilities carrying SONIA related floating rates. The Group has interest rate swaps for £55m where it is committed to pay the difference between SONIA and fixed interest rates. At 31 March 2022 a financial liability of £11.4m has been recognised in respect of these interest rate swap contracts.

GOING CONCERN

At 31 March 2022 the Company had total borrowing facilities of £83m, which were made up of the long-term loan of £45m, revolving credit facilities of £35m, and overdraft facilities of £3m. When compared to net debt of £61.6m at 31 March 2022, this gave headroom of £21.4m.

The Company has generated positive cashflows over the period, such that it has reduced its net debt by £17.2m during the year and has comfortably met all of its banking covenants. Its financial modelling shows that it is expected to be cash generative and meet its banking covenants for at least the next twelve months.

The revolving credit facilities are due to be renewed in the first quarter of 2023 and the Directors believe that this process will have a satisfactory outcome.

The Directors therefore believe that the Company has the cash flows and facilities to meet its needs for the foreseeable future.

Kevin Wood
Finance Director

14 June 2022



Promoting the success of our Company - S172 (I) Statement

OUR APPROACH

As you will see elsewhere in this report, our approach to the running of the business, which we believe underpins its long-term success, is governed by a strong set of principles which create a cultural thread throughout the Company – the culture exists through our teams, but its direction is set by the way the Board behaves and operates.

The success of the Company, in no small part, relies on the partnerships and relationships that we form at all levels, be it with our employees, our customers, our suppliers or any of the other groups that we interact with – and so it has been for all of our 215 year history.

As a Board we have a duty to run the business in such a way that balances the interests and considerations of all of our stakeholders and to promote the business for the benefit of our members.

In governing and directing the business with the interests of our members in mind, we must however consider the interests of our employees, how we manage the ongoing success of our relations and dealings with customers and suppliers, ensure that we have an eye to our communities and the impact that our business has on the environment. An overriding concern is also of course understanding how we maintain, protect and grow our reputation that has been so carefully built up over more than two centuries.

These stakeholder considerations are intrinsically woven through every decision we make. Often these decisions are easy, governed by our principles and just who we are as a family business; they come naturally as a result of our strong heritage, history and desire to run the business with its long terms interests at our core. Sometimes we have to take decisions that seem at the time to be to the detriment of one of more of these groups – when this is the case, we always look to be honest and open, we will be fair and reasonable so that when history judges those decisions with the benefit of hindsight, we have the confidence to stand behind them.

In balancing our approach to running the business, we know that we are successful when we find that our stakeholders want to be associated with Daniel Thwaites.

OUR EMPLOYEES

Board Considerations

Our employees and teams are our biggest asset, their hard work, dedication and commitment is the cornerstone of our

success and intrinsic to our future. Within the business we are privileged to attract some truly talented individuals, as well as benefiting from the experience, stability and support of many families who have worked with and for Thwaites for decades and through different generations of the same family.

The Board places health, wellbeing and safety at the heart of its decision making. The Company offers the majority of its permanent employees access to a private healthcare scheme and external support with mental health counselling, where that is needed. Over the past few years, the Board had developed the remuneration structure so that it exceeded the National Living Wage, and this remains its medium-term objective, although in the current environment there are challenges to this. All service charges and gratuities are distributed by our teams with no retention by the Company.

Employee Communications

Keeping our teams abreast of developments has historically been done through management briefings, annual results briefings and a Company newsletter.

In addition, we operate a companywide open-forum social network which has a high level of take up and has proved very popular.

Diversity and inclusion

Our preference wherever possible is to create development pathways within the business to allow for development of an individual's career, which also has the advantage of identifying individuals who have a strong cultural fit with the business. The Company advertises vacancies both internally and externally, with the objective of filling vacancies with the best candidate for the role based upon attitude, skills, experience and knowledge.

The Company operates an equal opportunities policy that looks to promote fairness and not to discriminate in any way. It is our policy to give equal opportunity to disabled persons where they have the ability to fulfil a role and where we are able to provide a role, we will support them as part of our family.

Training and development

From the moment that someone joins our family business it is our responsibility to ensure that they feel welcome and enabled to do their role to the best of their ability. We recruit people who we believe will fit well within our business and have a mixture of both on the job training, internal and external training to ensure that they have the right tools for the job.

New starters receive an induction into the business and onboarding into their role. We have an internal review and development process called ELMA, which is a quite simply a conversation - designed to give our managers an opportunity to talk to their team members about the difference that they make to the Company, how things are going and what personal goals we can set to help them to enjoy their job more and make more of a difference to the success of our business.

OUR SHAREHOLDERS

Board Considerations

All Board decisions are made with the long-term success of the business in mind, which ultimately is in the best long-term interests of the members.

This requires a balance between returns today, in the form of dividends, and returns in the future through investment that will help to grow the profits and pay dividends in years to come. Where these conflict, investment today to protect the strength of the business in the future will prevail.

Shareholder Communications

The company responds to shareholder letters and queries promptly as they arise, it consults with the family representative on key strategic decisions.

Annual General Meeting (AGM)

The Board encourages shareholders to attend the AGM in order to meet the directors and ask questions. When this is not possible the Board encourages all shareholders to exercise their voting preferences by using the proxy cards that are included in the notice of meeting.

The Company website is regularly updated and provides additional information.

OUR COMMUNITIES

Board Considerations

Charitable Giving

Our business is linked into local communities across the whole of the north-west of England as well as further afield through our network of properties. We have a long history of charitable giving and we continue to support local charities both around our head office and also around our pubs and hotels the length and breadth of England.

The Board sets aside a charitable fund as part of the budgeting process each year, based upon affordability, on top of which initiatives across the business raise additional charitable donations each year.

Energy Usage and Carbon Footprint

The Company has for a long time been a believer in investing to reduce its energy consumption and carbon footprint both because it is the right thing to do for the environment and

because judicious investment can provide sensible financial returns. Where investment is made to reduce the Company's environmental impact the Board applies a slightly reduced hurdle rate to its investment returns.

Waste

One of the largest areas of waste in the hospitality industry is food waste. The Board has started to monitor food waste and has set an objective to reduce this.

OUR CUSTOMERS AND SUPPLIERS

Board Considerations

Our business model depends on strong partnerships with our suppliers in order to be able to fulfil the needs and requirements of our customers. The Board promotes the use of local family firms where possible in order to support local communities and other family businesses. Wherever possible the Board directs that the Company should buy British, in order to support British businesses and minimise logistics and food miles. The Company agrees terms with our suppliers and as a matter of principle pays them to those terms insofar as there is no dispute. Where possible the Board approves multi-year contracts in order to secure certainty of supply of goods and services for a known period at a known price.

PENSIONERS

Board Considerations

The Company administers two defined benefit pension schemes that were closed to new members and future accrual many years ago. The Board is wholly committed to meeting the obligations of these schemes over time in and to funding any deficits over periods agreed with the Pension Trustees.

The Board supervises the funding position of these schemes and works with the Trustees on investment policy, tactical projects to strengthen the funding position and recovery plans with the objective of managing the wind down of these schemes in such a way that contributions from the Company are balanced with risks taken within the schemes whilst not jeopardizing the long-term sustainable growth of the business, which ultimately underpins the Company's covenant to the schemes.

KEY DECISIONS

The key decisions that were made during the year included the following:

- The acquisition of the Red Lion at Burnsall
- The disposal of 15 bottom end pubs and the old Blackburn brewery site
- Recommencement of refurbishment projects in the properties once trading had recovered following reopening
- The acquisition of a number of staff houses to aid staff recruitment in challenging areas

Principal Risks and *Uncertainties*

RISK	IMPACT	MITIGATION
Economic		
WAR IN UKRAINE	The war is having an impact on utility pricing and our global supply chains, particularly certain foods, namely cooking oils and grains.	We have a structured approach to purchasing utilities but have built significant cost increases into our budget and forecasts. We work closely with our food suppliers to find alternative products.
COVID-19 PANDEMIC	The pandemic has had a significant impact on the hospitality industry. The Company had never previously envisaged the closure of the total business for long periods of time under directive of the UK Government. The closure had a severe detrimental impact on turnover, profitability and cash flow.	Actions were taken to immediately reduce costs, minimise cash burn and focus on ensuring the Company had sufficient banking facilities to ensure it could navigate its way through the crisis.
CONSUMER CONFIDENCE	The Company's business operations are sensitive to economic conditions and in particular to consumer spending. Changes in economic conditions could affect consumer spending and therefore our revenue.	Our business encompasses pubs, hotels and inns, with offers targeted at different consumer groups giving a degree of diversification.
COST INFLATION	There is an on-going risk of increases in costs. In particular employment costs, including above inflation increases in the national living wage, utilities and food costs.	All costs are reviewed on a monthly basis, and our purchasing team negotiates to protect against significant cost increases on major inputs.
PROPERTY VALUES	Property values are impacted by changes to economic conditions, along with our ability to make disposals at appropriate values.	The long-term value of our properties is regularly assessed. Decisions around investment and disposal are made on an individual site basis.
INTEREST RATES	The company has £55m of fixed interest rate swaps on which it is committed to paying the difference between SONIA and the fixed rates. The cost of servicing the swaps is therefore dependent on SONIA.	The SONIA rate is monitored on an on-going basis, along with the buy- out cost of the swaps. Swaps are paid off when the Board considers it to be in the best interests of the Company based upon expectations of future interest rates and the financial position of the Company.
PENSION SCHEMES	The company operates two defined benefit pension schemes which have closed to new entrants for many years. Changes to the investment strategy and the assumptions used to calculate the liabilities can have a large impact on the assessment of the pension scheme funding levels.	Management closely monitor developments in relation to pension scheme funding. The company has a funding plan in place and is committed to funding any deficits over time.

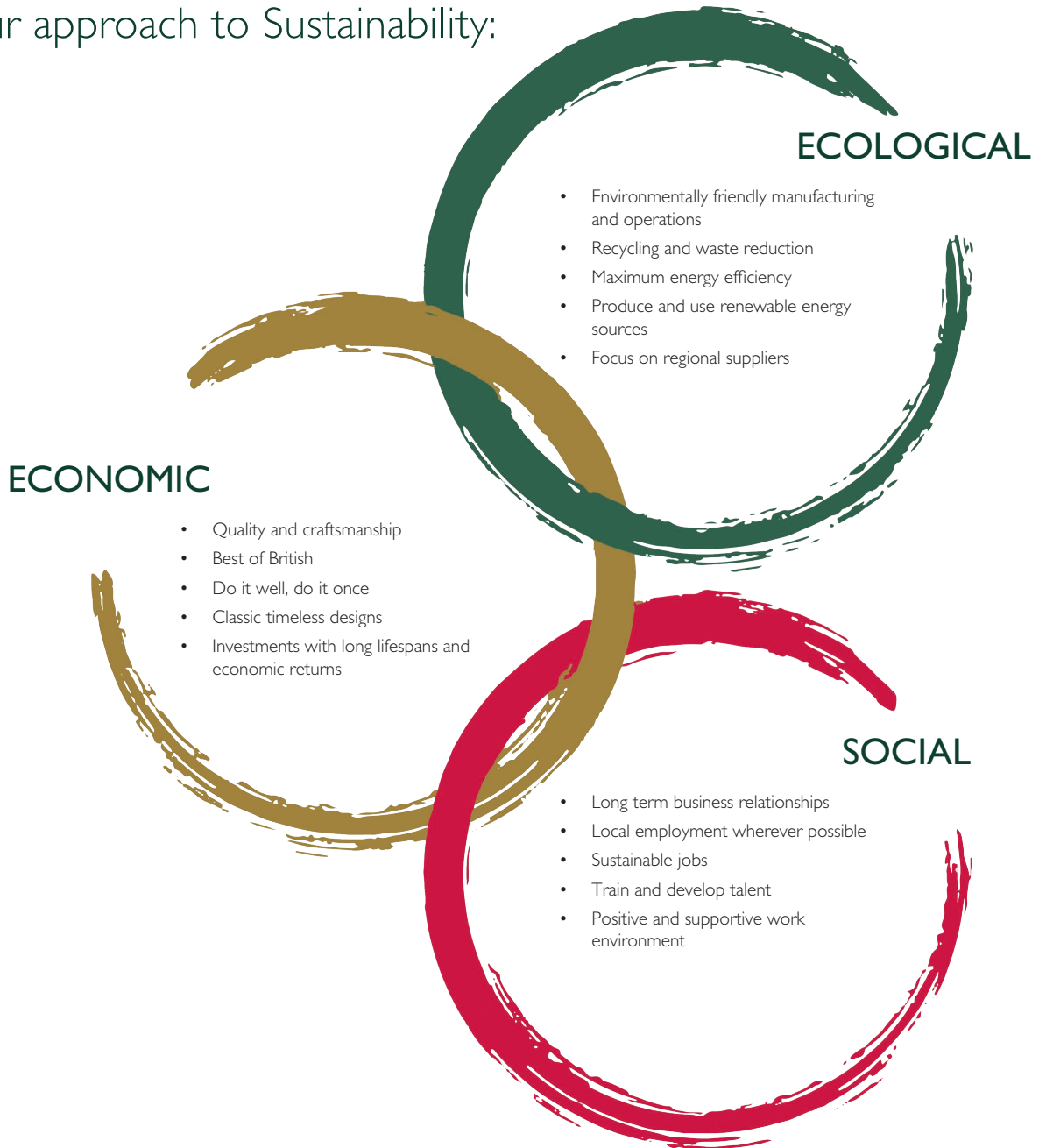
RISK	IMPACT	MITIGATION
Regulatory		
ALCOHOL CONSUMPTION	In recent years the government has increased its focus on alcohol consumption as public concern over alcohol related social problems and the associated health issues has increased. There is a risk that further legislation, including additional tax, may adversely affect the business.	We are committed to acting responsibly and promote safe drinking campaigns in our marketing. We have diversified our business to focus on other income streams, which include accommodation, food and spas.
THE TIED PUB MODEL	The beer tie has been the target of ongoing government scrutiny. In addition, the government periodically reviews legislation on the Pubs Code for larger tenanted pub companies. The nature of this legislation could negatively impact our tenanted pub business.	Our tenanted code of practice has improved the transparency and openness of our tied agreements. We actively monitor proposed legislation and engage with the government directly and through trade bodies. Our tenanted code of practice is updated periodically.
HEALTH AND SAFETY	A failure to comply with health and safety legislation (including food safety, allergens and fire legislation) could lead to injury, illness or the loss of life of our customers, employees or tenants, with a resulting reputational and financial impact.	We have a range of policies and procedures in place to ensure compliance with regulatory requirements in relation to health and safety. Independent risk assessments and audits are carried out, and recommendations acted upon. We record, investigate and report on all incidents.
GDPR (GENERAL DATA PROTECTION REGULATION)	A breach of confidence data could have a significant reputational and financial impact.	We have a Data Governance and Compliance Group that meets on a regular basis to ensure the appropriate processes and procedures are in place and adhered to in the business. Training is given to all appropriate staff and updated on an annual basis.
Operational		
SUPPLY CHAIN	Business operations could be adversely affected by any lengthy interruption in supply or large cost increases from suppliers which cannot be passed on to customers.	We review the financial position of our major suppliers to assess the risk of them ceasing to be able to trade. We also have multiple suppliers where possible to ensure limited dependence on an individual supplier.
PEOPLE	Our business is highly reliant on the people we employ. Labour or skill shortages, including the impact of Brexit, high employee turnover or failure to recruit and retain the best employees and tenants may impact our ability to deliver our operational and strategic objectives.	We aim to recruit the best people with the right skills and offer training and development opportunities to ensure that we retain them. We have a sponsorship license to bring skilled labour from abroad.
IT SYSTEMS	Our business is increasingly dependent on information systems and technology in order to operate effectively. A prolonged failure could severely impact on the profitability of the business.	We have appropriate back-up systems and disaster recovery plans in place. Our key business systems are all hosted in off-site, secure data centres.

Principal Risks and *Uncertainties* continued

RISK	IMPACT	MITIGATION
Operational <small>continued</small>		
CYBER ATTACK	A cyber attack could paralyse our operational systems, preventing the business from operating. Ransomware attacks could result in significant financial impact.	We have a range of monitoring and control tools in place in our systems. We perform annual penetration tests by an external consultancy to identify and areas of vulnerability.
Financial		
BANKING FACILITIES	We need to ensure that sufficient and appropriate bank facilities are in place to meet the ongoing funding requirements of the business.	Business decisions are taken with regard to their impact on banking arrangements. We meet regularly with our bankers and provide them with appropriate information on the performance of the business. A significant proportion of our debt is long term, by way of debentures with the Prudential Assurance Company Limited.
BANKING COVENANTS	The Company has a set of covenants with its lenders which are tested on a regular basis. Failure to achieve these covenants would lead to a default of the loan agreements.	The Board regularly reviews the forecast profitability and cash flows of the business to ensure that it comfortably complies with its covenant requirements. The Company has very long-term relationships with its funders and communicates on a very regular basis, so that any issues that may arise are identified early and appropriate mitigating actions put in place.
INTERNAL CONTROLS	We are reliant on maintaining sound systems of internal control to prevent the risk of fraud or material error in the financial statements.	We perform a regular review of our internal control systems to ensure that they remain appropriate and sustainable. Our control environment is tested annually by our auditors.

Sustainability

Our approach to Sustainability:



Socially responsible, we look to do the right thing.

We keep a close eye on environmental and energy innovations, we look to follow closely where others that lead on a sensible path.

We seek to minimise transportation and wherever possible source and employ locally.

Our investments look to minimise their environmental impact, be sustainable and make economic sense.

We value all stakeholders in the business and their interests shape our actions.

Sustainability continued

STEAMLINED ENERGY AND CARBON REPORT

The data below includes the brewery, head office and managed sites. Tenanted pub sites are not included as the company is not responsible for, and does not have visibility of, their consumption.

Unfortunately, year on year comparison of performance is distorted by the impact of the pandemic.

	2022	2021
Consumption (kWh)		
Grid-supplied Electricity (scope 1)	13,409,492	8,638,296
Gaseous and other fuels (scope 2)	23,702,391	16,956,666
Transportation	504,554	510,089
Total	37,616,436	26,105,052
Emissions (tCO₂e)		
Grid-supplied Electricity (scope 1)	2,847.24	2,013.93
Gaseous and other fuels (scope 2)	4,376.82	3,140.83
Transportation	117.52	121.87
Total	7,341.58	5,276.62

Note

Scope 1: consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day to day business operations.

Scope 2: consumption and emissions relate to direct combustion of natural gas, and fuels utilised for company vehicle fleets.

	2022	2021
Intensity Metrics		
tCO ₂ e/£m Turnover (managed properties)	76.47	163.89
tCO ₂ e/FTE	6.16	5.19

We contract to buy electricity for our properties of which over 90% is generated from renewable sources.

We have completed the installation of electric vehicle charging points at our head office and our hotels, and will look to roll out to further sites in the coming year.

Our Company car policy encourages staff to opt for low emission cars, and currently over half our fleet is either fully electric or hybrid.

We have appointed energy champions in each of our managed businesses to focus on reducing energy consumption. We have also sent guidance on practical tips to reduce energy consumption to all parts of the business.

We work very closely with our suppliers to offer the highest quality sustainable products and wherever possible we source local products and services. We also buy British wherever possible.



Board of *Directors*

EXECUTIVE DIRECTORS

Richard Bailey, BA, ACA - Executive Chairman

Richard Bailey joined the Board as a non-executive director in November 2002. He joined the company as Business Development and Strategy Director in November 2009. He was appointed Chief Executive in March 2011. He qualified as a Chartered Accountant with KPMG and has a BA in Economics from Durham University.

Kevin Wood, MEng, ACA - Finance Director

Kevin Wood joined the Board as Finance Director in March 2010. He qualified as a Chartered Accountant with Pricewaterhouse Coopers, and has an MEng in Chemical Engineering from Nottingham University. He was previously Finance Director of Accsys Technologies plc and held senior finance roles with Arla Foods, Express Dairies and Lloyds Pharmacy.

NON-EXECUTIVE DIRECTORS

Mrs Ann Yerburgh, DL

Ann Yerburgh was appointed to the Board in March 1974 and was Chairman from August 2000 until March 2019. She chairs the remuneration committee.

Andrew Stothert

Andrew Stothert was appointed as an independent non-executive director on 1 January 2019. He is the Chief Executive of Brand Vista and one of its founding partners.

Oscar Yerburgh, MA

Oscar Yerburgh was appointed to the Board on 1 June 2016, and represents the wider ownership interests of the Yerburgh family.

Mark Fisher BA

Mark Fisher was appointed as an independent non-executive director on 1 June 2019. He is currently the Chief Development Officer for Merlin Entertainments plc, responsible for their business development, creative and brands organisation.

COMPANY SECRETARY

Susan Woodward, ACIS

Susan Woodward was appointed Company Secretary in December 2004. She joined the company in 1978, and is a qualified Chartered Secretary.



Report of the *Directors*

The directors of Daniel Thwaites PLC submit their report and accounts for the financial year ended 31 March 2022.

ACTIVITIES

The Group's principal activity is the operation of pubs, inns and hotels.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

This report should be read in conjunction with the Chairman's Statement and the Strategic Report, which are incorporated in this report by reference and which provide further details of the Group's activities during the year, likely future developments and the risk management objectives and policies.

DIVIDENDS

The directors recommend a final dividend of 2.2 pence per share.

DIRECTORS

The directors who held office during the year are set out below:

Richard Bailey, BA, ACA (Executive Chairman)

Kevin Wood, MEng, ACA (Finance Director)

Ann Yerburgh, DL*

Oscar Yerburgh, MA

†Andrew Stothert*

†Mark Fisher, BA*

*Member of the Remuneration Committee

†Independent Non-Executive Director

In accordance with the Company's Articles of Association, Andrew Stothert and Mark Fisher retired by rotation and, being eligible, offer themselves for re-election.

None of the directors had any material interest during the year in any contract of significance in relation to the Group's business.

DIRECTORS' INDEMNITY

The directors have the benefit of the indemnity provision contained in the Company's Articles of Association. This provision, which is a qualifying third-party indemnity provision, was in force throughout the current financial year and remains in force at the date of this report.

EMPLOYEE INVOLVEMENT

It is the policy of the Group to keep employees regularly informed on matters of importance and interest. The directors also give attention to all aspects of health and safety within the Group as well as giving disabled persons full and fair consideration in respect of employment, training, career development and promotion. There are also opportunities for employees who become disabled to continue in their employment or to be retained for other positions within the Group. Further information can be found in the Section 172(1) Statement on pages 18 to 19.

ENGAGEMENT WITH KEY STAKEHOLDERS

In accordance with the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Companies Statement is contained within the Section 172(1) Statement on pages 18 to 19.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Group made charitable contributions of £39,000. There were no political contributions.

SIGNIFICANT SHAREHOLDINGS

So far as the Company is aware the following shareholders held legal or beneficial interests in ordinary shares of the company exceeding 3% as at 31 March 2022:

Mrs A Yerburgh	6.3%
Yerburgh Family Settlement Trusts	34.2%
Albany Trustees	14.8%

CLOSE COMPANY PROVISIONS

In the opinion of the directors the Company is a close company within the definition of the Corporation Tax Act 2010.

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE COMPANY'S AUDITOR

The directors who held office at the date of approval of this Directors' Report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he or she ought to have taken as a director (i) to make himself or herself aware of any relevant audit information and (ii) to establish that the Company's auditor is aware of that information.

AUDITOR

In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of BDO LLP is to be proposed at the Annual General Meeting.

By order of the Board

Mrs S I Woodward
Secretary

14 June 2022



Corporate *Governance*

The Board has put in place a framework for Corporate Governance which it believes is appropriate to the Company. The Board is committed to maintaining the highest standards, but is not required to comply with all aspects of the principles of good governance set out in the Combined Code on Corporate Governance.

QUOTED COMPANIES ALLIANCE

The Company's shares are listed on the Apex segment of the Aquis Stock Exchange (AQSE), which requires the Company to comply with the Quoted Companies Alliance.

A statement of how the Company complies with the ten principals of the Quoted Companies Alliance is set out on our website.

The Board's application of the key principles of Corporate Governance is set out below:

THE BOARD AND COMMITTEES

The Board includes two executive and four non-executive directors. All appointments to the Board are for a specified term. All directors are subject to re-election by rotation, one third of their number each year and their re-election is subject to shareholder approval. All newly appointed directors stand for re-election at the Annual General Meeting following their appointment. All the directors of the Company are resident in the UK and bring a wide range of skills and experience to the Board. The Board meets regularly throughout the year and has matters referred to it for approval including strategy, annual budgets, the rolling five year financial plan, general treasury and risk management policies.

Major capital acquisitions and disposals are authorised by the Board which also monitors the post investment performance.

There is an established procedure whereby directors, in furtherance of their duties, may take independent professional advice at the expense of the Company. The Board ensures that all directors continually update the skills and knowledge required to fulfil their role both on the Board and on board committees. All directors have access to the advice and services of the Company Secretary.

The Board has not established an Audit Committee as the directors consider that the current arrangements with the external Auditor are effective. The Board regularly monitors and reviews the Auditor's independence, objectivity and effectiveness. The Auditor meets with the non-executive directors prior to the commencement of the audit and attends the board meeting at which the annual accounts are approved. The Board gives full consideration to all reports received from the Auditor.

As all Board appointments are formally considered by the Board, there is no need for a Nominations Committee.

REMUNERATION REPORT

The Remuneration Committee meets regularly and, having taken the relevant advice, determines on behalf of the Board the remuneration package of the executive directors and other senior executives. The Remuneration Committee aims to ensure that remuneration packages are competitive and designed to attract, retain and motivate directors and executives of the right calibre.

In particular, the Committee has regard to the levels of remuneration in the Group and in specific sectors and businesses with which Group companies compete and is also sensitive to salary levels in the wider community. The Group operates performance related reward policies, designed to provide the correct balance between fixed and variable remuneration.

INTERNAL CONTROL

The Board acknowledges its ultimate responsibility for all aspects of the system of internal control and risk management and for reviewing its effectiveness. During the year both the internal control and risk management systems have been reviewed by the Board.

In establishing these systems, the directors have considered the nature of the Group's business with regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The primary responsibility for the day to day operation of the systems of internal control and the identified primary risks facing the Group is delegated to the Executive Directors.

The following key features of the system, which have remained unchanged during the year, are:

- reports to the Board from operating divisions on a regular basis
- comprehensive annual budgeting with results reported monthly against budget
- forecasts regularly updated and reported to the Board

- cash flow forecasting on a rolling five-year basis
- capital expenditure feasibility reports with post completion appraisals
- physical and computer security issues and contingency planning
- well-structured financial and administration functions reporting regularly to the Board
- risk management review and monitoring of those risks
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

INVESTOR RELATIONS

Communications with shareholders are given a high priority with information provided regularly in interim and annual financial statements and any issues of concern can be addressed to the Board by any shareholder. All shareholders are encouraged to attend the Annual General Meeting where they are given an opportunity to question the Chairman and the Board.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Susan Woodward
Company Secretary
 14 June 2022

Independent Auditor's *Report*

To the members of Daniel Thwaites PLC

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Daniel Thwaites PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheet, the Group and Parent Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the accounts, including a summary of significant accounting policies.

The reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including United Kingdom Accounting Standards, including Financial Reporting financial Standard 102 The Financial Reporting Standard in the United Kingdom and Republic of Ireland. Generally Accepted Accounting Practice).

BASIS FOR OPINION

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

INDEPENDENCE

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Challenged the assumptions used in the Directors' base case forecast by comparing forecast performance to that historically achieved, comparing actual performance achieved post year end to the forecast, and checking that any significant cash outflows had been correctly included in the forecast;
- Obtained an understanding of the required financing facilities by reviewing third party documentation, including the nature of the facilities, repayment terms, covenants and attached conditions;
- Assessed the facility and covenant compliance headroom calculations with the existing and proposed covenants on both a base case scenario and the Directors' reverse stress test scenario;
- Challenged managements assumption on the renewal of the revolving credit facility due in March 2023 by considering mitigating actions available to repay these facilities;
- Challenged the appropriateness of the Directors' assessment of going concern by testing the mechanical accuracy, assessing historical forecasting accuracy, understanding the directors' consideration of downside sensitivity and the impact on facilities and covenants;
- Reviewed mitigating actions and cost savings proposed by the Directors for their ability to be implemented and the implementation to be done on a timely basis; and considered whether the disclosures in the financial statements adequately reflect the Directors' assessment of the going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

		2022	2021
COVERAGE	Group profit before tax	100%	100%
	Group revenue	100%	100%
	Group total assets	100%	100%
KEY AUDIT MATTERS	Valuation of Properties	Yes	Yes
	Going Concern	No	Yes
	Going Concern is no longer considered to be a key audit matter as the industry is no longer under lockdown measures.		
MATERIALITY	Group financial statements as a whole £3,000,000 (2021 :£2,900,000) based on 1% (2021: 1%) of Total assets.		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The parent company Daniel Thwaites PLC is the only trading company in the Group with all subsidiary companies being dormant throughout the year, as such we have completed an audit on the Group as a single aggregated set of financial statements. Our audit was risk based and was scoped by obtaining an understanding of the Group and assessing the risks of material misstatement in the financial statements at the Group level.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF PROPERTIES

The relevant accounting policy is discussed at page 40 along with the significant estimates and judgements. The revaluations during the period are discussed at Note 11.

Land and properties include properties revalued both internally by the groups own professional staff and externally by external valuation experts. Given the size of the valuation of these properties on the group's balance sheet and the judgemental nature of valuations, a small change in the assumptions and estimates used in this valuation could lead to a significant and material impact on the group's total assets, and we have therefore determined this to be a key audit matter, along with the associated disclosures.

HOW WE ADDRESS THE MATTER IN OUR AUDIT

We obtained assurance over the valuation by obtaining a breakdown of the property portfolio valuation for the year and agreed the externally valued properties to third party supporting documentation. The internally valued property calculations were re-cast and we checked that the methodology has been applied consistently throughout the portfolio. We assessed both the internal and external valuers' objectivity and professional qualifications through a review of their qualifications and review of reports produced.

We included valuations experts in the audit team to review the outputs from the third party valuation to check the methodology used was in line with industry standards. We also performed sensitivities on the fair maintainable trade values used in management's valuations to check there would be no material difference.

For a sample of the internal valuations we reviewed key inputs to the model to check that the key estimates used by management were appropriate and in line with the ranges indicated by the external valuations completed. If the inputs were outside the indicated range, further enquires were made of management as to the recoverability of the asset carrying value.

We considered whether the disclosures in the financial statements with respect to the revaluation amounts, external valuer's qualifications and the valuation methodology are in line with the requirements of the accounting standards.

KEY OBSERVATIONS

Based on the procedures performed the valuation of the property portfolio is in line with industry standards and the assumptions and estimates used in the valuation of properties are reasonable. The disclosures in the financial statements are in line with accounting standards.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Independent Auditor's *Report* continued

	2022	2021
	£	£
GROUP AND PARENT COMPANY MATERIALITY	3,000,000	2,900,000
BASIS FOR MATERIALITY	1% of Total assets (2021: 1% of Total assets)	
RATIONALE FOR BENCHMARK ADOPTED	We believe this is of most interest for the users of the financial statements as it shows the strength of the balance sheet. The parent company is the only non-dormant company within the Group therefore the parent company materiality is equal to the Group materiality.	
PERFORMANCE MATERIALITY	2,100,000	2,030,000
BASIS FOR DETERMINING PERFORMANCE MATERIALITY	70%	
	We considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's internal controls and management's attitude towards proposed adjustments	

SPECIFIC MATERIALITY

We determined that for revenue, cost of sales, administrative expenses and distribution expenses, a misstatement of less than materiality could influence the economic decisions of users. As a result, we determined materiality for these items based on based on 0.5% of the Group's gross expenditure £420,000 (2021: £200,000 based on 0.5% of the Group's gross expenditure). We further applied a performance materiality level of 70% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated

REPORTING THRESHOLD

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £90,000 (2021:£87,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' responsibilities in relation to the annual report and the financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group and Parent Company and the sector in which it operates we considered the risks of acts by the Group and Parent Company which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements. These included but are not limited to those that relate to the form and content of the financial statements, such as Group accounting policies, UK GAAP, the Companies Act 2006, relevant taxation legislation, Health and Safety and the Bribery Act 2010.

We determined that the principal risks of irregularities, including fraud, were related to posting inappropriate journal entries, management bias in accounting estimates, and revenue cut off. We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the revaluation of fixed assets (see key audit matter above);
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or including specific keywords;
- Testing a sample of revenue transactions within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud ;
- Review of minutes of Board meetings throughout the period for any mention of fraud or irregularities; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

USE OF OUR REPORT

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

Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
14 June 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial *Statements*

Group Profit and Loss Account

for the year ended 31 March 2022

	Note	2022 £m	2021 £m
Turnover	1	96.0	32.2
Cost of sales		(72.7)	(42.8)
Gross profit (loss)		23.3	(10.6)
Distribution costs		(3.3)	(2.5)
Administrative expenses		(9.4)	(7.8)
Other operating income	3	1.7	11.3
Operating profit (loss) before property disposals	2	12.3	(9.6)
Property disposals		1.0	0.2
Operating profit (loss)		13.3	(9.4)
Net interest payable	5	(4.0)	(3.9)
Gain on interest rate swaps measured at fair value	16	3.8	1.6
Finance charge on pension liability	10	(0.4)	(0.7)
Profit (loss) on ordinary activities before taxation	1	12.7	(12.4)
Taxation on profit (loss) for the year	6	(0.6)	1.9
Profit (loss) on ordinary activities after taxation		12.1	(10.5)
Earnings (loss) per share	8	20.6p	(17.8)p

Statement of Comprehensive Income

for the year ended 31 March 2022

	2022 £m	2021 £m
Profit (loss) on ordinary activities after taxation	12.1	(10.5)
Surplus (deficit) on revaluation of land and properties	2.2	(0.8)
Recognised actuarial gain on pension schemes	29.1	12.7
Movement on deferred tax relating to actuarial gain	(7.3)	(2.4)
Total recognised gain (loss) for the year	36.1	(1.0)

Group Balance Sheet

as at 31 March 2022

	Note	2022 £m	2021 £m
Fixed Assets			
Tangible assets	11	292.9	291.0
Investments	12	0.6	0.6
		293.5	291.6
Current Assets			
Stocks	14	0.7	0.5
Trade and other debtors	15	5.5	10.4
Cash at bank and in hand		5.4	0.3
		11.6	11.2
Creditors due within one year			
Trade and other creditors	16	(20.6)	(9.8)
Loan capital and bank overdraft	17	(22.0)	(11.6)
		(42.6)	(21.4)
		(31.0)	(10.2)
Net current liabilities			
Total assets less current liabilities			
		262.5	281.4
Creditors due after one year			
	16	(60.0)	(85.0)
Net assets excluding pension asset (liability)			
		202.5	196.4
Pension asset (liability)	10	10.1	(19.9)
Net assets including pension asset (liability)			
		212.6	176.5
Capital and reserves			
Called up share capital	20	14.7	14.7
Capital redemption reserve	21	1.1	1.1
Revaluation reserve	21	75.1	74.8
Profit and loss account		121.7	85.9
Equity shareholders' funds			
		212.6	176.5

The accounts on pages 34 to 56 were approved by the Board of Directors on 14 June 2022 and signed on its behalf by:

Richard Bailey
Chairman

Kevin Wood
Finance Director

Company Registered No. 51702

Group and Parent Statement of Changes in Equity

for the year ended 31 March 2022

	Called-up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	£m
	£m	£m	£m	£m	£m
Group					
At 31 March 2020	14.7	1.1	75.8	85.9	177.5
Loss for the year	-	-	-	(10.5)	(10.5)
Recognised actuarial gain on pension schemes	-	-	-	12.7	12.7
Movement on deferred tax relating to actuarial gain	-	-	-	(2.4)	(2.4)
Deficit on property revaluation	-	-	(0.8)	-	(0.8)
Total comprehensive income	-	-	(0.8)	(0.2)	(1.0)
Dividends paid	-	-	-	-	-
Revaluation element of depreciation charge	-	-	-	-	-
Transfer on disposal of properties	-	-	(0.2)	0.2	-
At 31 March 2021	14.7	1.1	74.8	85.9	176.5
Profit for the year	-	-	-	12.1	12.1
Recognised actuarial gain on pension schemes	-	-	-	29.1	29.1
Movement on deferred tax relating to actuarial gain	-	-	-	(7.3)	(7.3)
Surplus on property revaluation	-	-	2.2	-	2.2
Total comprehensive income	-	-	2.2	33.9	36.1
Dividends paid	-	-	-	-	-
Revaluation element of depreciation charge	-	-	-	-	-
Transfer on disposal of properties	-	-	(1.9)	1.9	-
At 31 March 2022	14.7	1.1	75.1	121.7	212.6
Parent					
At 31 March 2020	14.7	1.1	52.5	108.1	176.4
Loss for the year	-	-	-	(10.5)	(10.5)
Recognised actuarial gain on pension schemes	-	-	-	12.7	12.7
Movement on deferred tax relating to actuarial gain	-	-	-	(2.4)	(2.4)
Deficit on property revaluation	-	-	(0.8)	-	(0.8)
Total comprehensive income	-	-	(0.8)	(0.2)	(1.0)
Dividends paid	-	-	-	-	-
Revaluation element of depreciation charge	-	-	-	-	-
Transfer on disposal of properties	-	-	(0.2)	0.2	-
At 31 March 2021	14.7	1.1	51.5	108.1	175.4
Profit for the year	-	-	-	12.1	12.1
Recognised actuarial gain on pension schemes	-	-	-	29.1	29.1
Movement on deferred tax relating to actuarial gain	-	-	-	(7.3)	(7.3)
Surplus on property revaluation	-	-	2.2	-	2.2
Total comprehensive income	-	-	2.2	33.9	36.1
Dividends paid	-	-	-	-	-
Revaluation element of depreciation charge	-	-	-	-	-
Transfer on disposal of properties	-	-	(1.9)	1.9	-
At 31 March 2022	14.7	1.1	51.8	143.9	211.5

Group Statement of Cash Flows

for the year ended 31 March 2022

	Note	2022 £m	2021 £m
Cash flow from operating activities			
Operating profit (loss) before property disposals		12.3	(9.6)
Non cash items			
- Depreciation		6.8	7.2
- Others including profit or loss on sale of fixed assets		0.2	0.5
Defined benefit pension contributions		(1.3)	(0.4)
Movement in working capital			
- Stocks		(0.2)	-
- Debtors		0.5	0.1
- Creditors		9.9	(3.2)
Cash flow from (used in) operating activities		28.2	(5.4)
Tax received (paid)		1.4	(0.2)
Net cash flow from (used in) operating activities		29.6	(5.6)
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(13.5)	(2.7)
Receipts from disposal of tangible fixed assets		7.5	0.8
Trade loans advanced	12	(0.4)	-
Trade loans repaid	12	0.4	0.2
Net cash flow used in investing activities		(6.0)	(1.7)
Cash flow from financing activities			
Interest paid on loans and overdrafts		(4.1)	(3.9)
Interest paid on interest rate swaps		(2.3)	(2.2)
Interest received		-	-
(Repayment of) additional bank loans		(11.5)	13.0
Equity dividends paid		-	-
Net cash flow (used in) from financing activities		(17.9)	6.9
Net increase (decrease) in cash and cash equivalents		5.7	(0.4)
Cash and cash equivalents at beginning of year		(0.3)	0.1
Cash and cash equivalents at end of year		5.4	(0.3)
Cash and cash equivalents consist of:			
Cash at bank and in hand		5.4	0.3
Bank overdraft		-	(0.6)
Cash and cash equivalents		5.4	(0.3)
Loan capital		(67.0)	(78.5)
Net debt		(61.6)	(78.8)
Reconciliation of net cash flow to movement in net debt			
Increase (decrease) in cash		5.7	(0.4)
Cash flow from decrease (increase) in debt		11.5	(13.0)
Net debt at beginning of year		(78.8)	(65.4)
Net debt at end of year		(61.6)	(78.8)

Parent Balance Sheet

as at 31 March 2022

	Note	2022 £m	2021 £m
Fixed Assets			
Tangible assets	11	292.9	291.0
Investments	12	0.6	0.6
Investment in subsidiary undertakings	13	11.5	11.5
		305.0	303.1
Current Assets			
Stocks	14	0.7	0.5
Trade and other debtors	15	5.5	10.4
Cash at bank and in hand		5.4	0.3
		11.6	11.2
Creditors due within one year			
Trade and other creditors	16	(33.2)	(22.4)
Loan capital and bank overdraft	17	(22.0)	(11.6)
		(55.2)	(34.0)
Net current liabilities			
		(43.6)	(22.8)
Total assets less current liabilities			
		261.4	280.3
Creditors due after one year			
	16	(60.0)	(85.0)
Net assets excluding pension asset (liability)			
		201.4	195.3
Pension asset (liability)	10	10.1	(19.9)
Net assets including pension asset (liability)			
		211.5	175.4
Capital and reserves			
Called up share capital	20	14.7	14.7
Capital redemption reserve	21	1.1	1.1
Revaluation reserve	21	51.8	51.5
Profit and loss account		143.9	108.1
Equity shareholders' funds			
		211.5	175.4

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

The parent company made a profit after tax of £12.1m (2021 loss £10.5m)

The accounts on pages 34 to 56 were approved by the Board of Directors on 14 June 2022 and signed on its behalf by:

Richard Bailey
Chairman

Kevin Wood
Finance Director

Company Registered No. 51702

Accounting *Policies*

BASIS OF PREPARATION

Daniel Thwaites PLC is a Public Limited Company incorporated and domiciled in the UK.

These Group and parent company financial statements have applied FRS102 (March 2018) in these Financial Statements, which includes the amendments as a result of the Technical review 2017.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating Review and the Risks and Uncertainties section of the Strategic Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review section of the Strategic Report. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified at fair value through the profit or loss, investment property, tangible fixed assets measured in accordance with the revaluation model.

GOING CONCERN

At 31 March 2022, the Group had net debt of £61.6m and available bank facilities of £83m, giving headroom of £21.4m. Since the business reopened outside trading areas on 12 April 2021, all properties on 17 May 2021 and all Covid 19 restrictions were removed on 19 July 2021, the Group generated positive cashflows such that its net debt reduced by £17.2m, from £78.8m at 31 March 2021 to £61.6m at 31 March 2022.

A financial model has been prepared, and stress tested, and this model shows that the Group meets its banking covenants for at least the next 12 months.

The Group will need to renew its existing revolving credit bank facilities of £35m by March 2023, and the directors believe that this process will have a satisfactory outcome.

The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the annual financial statements.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The key area of judgement is the assessment of impairment of the Group's properties. The directors review the book value of each individual property on an annual basis taking into account current and prospective levels of trade and industry published trading multiples based on the location, mix of business and sustainability of that business.

It is difficult to apply a sensitivity to this assessment of impairment as trading multiples vary by business type, mix of business and location. In addition, alternative use and development options for properties are also taken into account when assessing potential impairments.

The liabilities of the defined benefit pension schemes are determined using actuarial assumptions. Due to the long-term nature of these liabilities, the assumptions around life expectancy and discount rates are subject to a degree of estimation (see note 10).

Whilst judgements and estimates have been made in assessing asset values and provisions, the directors consider the risk of material adjustment in the next year to be low.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Under FRS 102 (Sections 1.8 and 1.12) the Company is exempt from the requirement to present its own statement of cash flows.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Accounting *Policies* continued

FIXED ASSETS

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings: periods up to 50 years
- plant and equipment: periods between 3 and 25 years
- fixtures and fittings: periods between 5 and 15 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Residual value is based on prices prevailing at the date of acquisition or subsequent valuation. Where, because of high estimated residual value, depreciation is immaterial, no depreciation is charged but an annual review for impairment is performed. Both residual values and useful lives are reviewed and adjusted, if appropriate, at each financial year end.

The profit or loss on disposal of properties is the difference between the net amount realised and book value. Valuation differences realised on disposal are transferred from the revaluation reserve to the profit and loss account reserve.

It is the Group's policy to value 20% of its properties by external valuers each year, so that all properties are externally valued over a 5 year period.

Land and properties include properties revalued by external valuers and the Group's own professionally qualified staff.

The freehold industrial buildings are stated at cost, less provision for depreciation and impairments.

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

A revaluation loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Revaluation losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. A revaluation loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise, revaluations are recognised in the statement of comprehensive income until the carrying amount reaches the asset's depreciated historic cost. Thereafter, revaluation losses are recognised in the profit and loss account unless it can be demonstrated that the recoverable amount of the asset is greater than its revalued amount, in which case the loss is recognised in the statement of comprehensive income to the extent that the recoverable amount of the asset is greater than its revalued amount.

Revaluation gains are recognised in the profit and loss account only to the extent (after adjusting for subsequent depreciation) that they reverse revaluation losses on the same asset that were previously recognised in the profit and loss account. All other revaluation gains are recognised in the statement of comprehensive income.

INVESTMENTS

The Group's long-term trade loans are recognised as investments within fixed assets and are stated at cost less amounts provided for impairment losses.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off as impairment losses.

STOCKS

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derivative financial instruments

Derivative financial instruments in the form of interest rate swaps are recognised at fair value. The gain or loss on re-measurement is recognised immediately in the profit and loss account. Hedge accounting is not carried out.

Interest-bearing borrowings

Interest-bearing borrowings are recognised at transaction price adjusted for transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

TRADE AND OTHER DEBTORS / CREDITORS

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

IMPAIRMENT OF FINANCIAL ASSETS (INCLUDING TRADE AND OTHER DEBTORS)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

LOANS TO AND FROM SUBSIDIARIES

Loans to and from subsidiaries are non-interest bearing and have no fixed repayment dates, and are therefore disclosed as current assets or liabilities in the parent balance sheet.

EMPLOYEE BENEFITS

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset/liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

TURNOVER

Turnover represents amounts recognised by the Group in respect of goods and services supplied, exclusive of Value added Tax and trade discounts. Revenue principally consists of food, drink and accommodation sales, which are recognised at the point at which goods or services are provided, rental income which is recognised on a straight-line basis over the lease term and machine income, where net takings are recognised as earned.

COVID-19 GOVERNMENT ASSISTANCE

Government grants and furlough support are measured at the fair value of the asset received or receivable, where there is reasonable assurance that the assistance will be received and all associated conditions met. Amounts are recognised in the profit and loss account over the period in which the costs to which the grants and support are intended to compensate are expensed, and are reported within other operating income.

OPERATING LEASE

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

INTEREST RECEIVABLE AND INTEREST PAYABLE

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

TAXATION

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on asset revaluations and rolled over taxable gains to the extent that the taxable gains are not offset by carried forward and future taxable losses.

Notes to the *Accounts*

I. TURNOVER AND SEGMENTAL ANALYSIS

Turnover comprises sales to external customers, rents and other trading income, excluding value added tax.

	Turnover		Profit (loss) before tax		Net assets	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Segmental analysis						
Turnover (all from UK trade), profit (loss) before tax and net assets:						
Pubs and Inns	52.1	19.0	15.6	1.9	158.8	171.1
Hotels	43.9	13.2	7.0	(4.3)	116.7	121.6
Group Central Costs	-	-	(9.3)	(7.0)	-	-
Net interest payable	-	-	(4.4)	(4.6)	-	-
Gain on interest rate swaps measured at fair value	-	-	3.8	1.6	-	-
	96.0	32.2	12.7	(12.4)	275.5	292.7
Net pension asset (liability)	-	-	-	-	10.1	(19.9)
Financial liability for interest rate swaps	-	-	-	-	(11.4)	(17.5)
Net debt	-	-	-	-	(61.6)	(78.8)
	96.0	32.2	12.7	(12.4)	212.6	176.5

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

2. OPERATING PROFIT

	2022 £m	2021 £m
Operating profit is stated after charging:		
Depreciation	6.8	7.2
Operating leases - plant and equipment	0.3	0.3
Operating leases - property	0.1	0.1
Pension schemes - defined benefit	0.7	0.6
Pension schemes - defined contribution	0.7	0.7

3. OTHER OPERATING INCOME

	2022 £m	2021 £m
Coronavirus Job Retention Scheme	0.8	10.4
Coronavirus Business Support Grant	0.9	0.9
	1.7	11.3

4. AUDITOR'S REMUNERATION

	2022 £'000	2021 £'000
Fees payable:		
Statutory audit fees (for the parent and the group)	48.0	45.5

5. INTEREST PAYABLE

	2022 £m	2021 £m
Interest payable:		
On variable rate loans and overdrafts	0.8	0.8
On fixed rate loans	3.2	3.2
	4.0	4.0
Interest receivable and similar income	-	(0.1)
	4.0	3.9

6. TAXATION

	2022 £m	2021 £m
The tax charge comprises:		
Current tax		
UK corporation tax at 19%	1.2	(1.9)
Adjustments in respect of prior years	-	0.1
	1.2	(1.8)
Deferred tax		
Origination and reversal of timing differences (note 19)	0.1	(0.1)
Increase in tax rate	0.3	-
Pension cost relief in excess of pension cost charge including effect of rate changes (note 19)	(1.0)	(0.1)
Adjustments in respect of prior years	-	0.1
	(0.6)	(0.1)
Tax on profit (loss) on ordinary activities	0.6	(1.9)

The difference between the total tax charge and the amount calculated at the standard rate of corporation tax in the UK of 19% is explained below:

	2022 £m	2021 £m
Profit (loss) for the year	12.1	(10.5)
Total tax expense (credit)	0.6	(1.9)
Profit (loss) on ordinary activities before tax	12.7	(12.4)
Tax on profit (loss) on ordinary activities at standard rate of corporation tax	2.4	(2.4)
Disallowed expenses	(0.9)	0.3
Increase in tax rate on deferred tax balances	(0.9)	-
Adjustments in respect of prior years	-	0.2
Tax on profit (loss) on ordinary activities	0.6	(1.9)

6. TAXATION continued

Factors that may affect future tax charges:

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax asset at 31 March 2022 has been calculated based on these rates.

7. DIVIDENDS PAID

The directors have recommended a dividend in respect of 2022 of 2.2p per share for approval at the Annual General Meeting. This amounts to £1.3m but has not been reflected in the financial statements. The dividend is payable on 26 July 2022 to shareholders on the register on 1 July 2022.

No dividend was paid in respect of 2021.

8. EARNINGS PER SHARE

	2022 £m	2021 £m
Profit (loss) attributable to ordinary shareholders	12.1	(10.5)
Gain on interest rate swaps measured at fair value	(3.8)	(1.6)
Underlying profit (loss) attributable to ordinary shareholders	8.3	(12.1)
	Number '000	Number '000
Weighted average number of ordinary shares in issue during the year	58,828	58,828
Earnings (loss) per share	20.6p	(17.8)p
Underlying earnings (loss) per share	14.1p	(20.6)p

The gain on interest rate swaps measured at fair value is adjusted in calculating underlying EPS, as it is a volatile, non-cash movement linked to changing predictions of future interest rates. A diluted EPS is not presented as there are no dilutive financial instruments.

9. STAFF COSTS

	2022 £m	2021 £m
Wages and salaries	28.9	22.5
Social security costs	2.1	1.5
Other pension costs	0.7	0.7
Expenses related to defined benefit scheme	0.7	0.6
	32.4	25.3

The costs for 2021 and 2022 include those staff who were furloughed through the year under the Coronavirus Job Retention Scheme, recoveries from which are shown within other operating income (see note 3).

9. STAFF COSTS continued

	Full time		Part time	
	2022 No.	2021 No.	2022 No.	2021 No.
The average number of persons employed by the Group was:				
Pubs and Inns	304	244	263	259
Hotels	624	449	414	360
Group central services	71	66	5	7
	999	759	682	626

10. PENSION SCHEMES

Defined contribution

Eligible employees are able to join the group's defined contribution scheme, the assets of which are held separately from those of the group in an independently administered fund. The pension charge to the profit and loss account represents contributions payable by the group and amounts to £0.7m (2021: £0.7m).

Defined benefit

The group operates two defined benefit schemes which have been closed to new entrants since 1 April 2001 and closed to future accrual with effect from 31 August 2009. The schemes are funded by contributions from the group and, prior to closure, also from the employees. The assets of the schemes are held separately from the assets of the group in trustee administered funds.

A full actuarial valuation was carried out as at 1 January 2021, the results of this have been updated at 31 March 2022 by a qualified actuary.

The main assumptions used by the actuary were:

	2022	2021
Rate of increase in pensions payment	3.70%	3.40%
Discount rate	2.85%	2.05%
Price inflation (RPI)	3.80%	3.40%
Price inflation (CPI)	3.40%	3.00%
Cash commutation (proportion taken on retirement)	60%	70%
Mortality (1959 scheme)	111% SAPS S3 CMI 2021 1.5%	107% SAPS S2 CMI 2020 1.5%
Mortality (Supplementary scheme)	95% SAPS S3 L CMI 2021 1.5%	SAPS S2 L CMI 2020 1.5%

Life expectancies under the 1959 scheme mortality assumptions are shown below:

	2022 Years	2021 Years
Current pensioners (at 65) - males	86	86
Current pensioners (at 65) - females	89	88
Pensioners retiring in 20 years (at 65) - males	88	88
Pensioners retiring in 20 years (at 65) - females	91	90

10. PENSION SCHEMES continued

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Change in assumption	Impact on scheme liabilities
Discount rate	decrease 0.25%	increase 3.8%
Price inflation (RPI and CPI)	increase 0.25%	increase 1.0%
Cash commutation (proportion taken on retirement)	decrease 10%	increase 1.1%
Rate of mortality (change to life expectancy)	decrease LTIR 0.25%	decrease 0.9%

	Value	
	2022 £m	2021 £m
Equities	113.0	80.5
Bonds	18.9	27.5
Multi asset credit	22.1	38.3
LDI	2.7	-
Gilts	1.4	1.5
Other	1.5	1.9
Fair value of scheme assets	159.6	149.7
Present value of scheme liabilities	(149.5)	(169.6)
Surplus (deficit) in schemes	10.1	(19.9)
Related deferred tax (liability) asset	(2.5)	3.8
Net pension asset (liability)	7.6	(16.1)

The difference between assets and liabilities is extremely volatile; it can alter very significantly depending on the date at which the measurements were carried out.

The group expects to contribute £1.1m to its defined benefit pension schemes in the year to 31 March 2023.

	Scheme assets		Scheme liabilities		Net surplus (deficit)	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Movement in surplus (deficit) in the year						
At the beginning of the year	149.7	124.5	(169.6)	(156.8)	(19.9)	(32.3)
Current service cost	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Contributions by employer	1.3	0.4	-	-	1.3	0.4
Interest on pension liabilities	3.0	2.9	(3.4)	(3.6)	(0.4)	(0.7)
Benefits paid	(5.7)	(5.8)	5.7	5.8	-	-
Actuarial gain (loss)	11.3	27.7	17.8	(15.0)	29.1	12.7
At the end of the year	159.6	149.7	(149.5)	(169.6)	10.1	(19.9)

10. PENSION SCHEMES continued

	2022 £m	2021 £m
Group Profit and Loss Account		
Pension costs charged against operating profit:		
Administration expenses	(0.7)	(0.6)
Charge in respect of defined contribution scheme	(0.7)	(0.7)
	(1.4)	(1.3)
Net interest on pension liability	(0.4)	(0.7)
Total charge	(1.8)	(2.0)
Actual return on scheme assets	14.3	30.6
Amounts recognised in the statement of comprehensive income		
Actuarial gain	29.1	12.7
Deferred tax	(7.3)	(2.4)
Recognised actuarial gain on pension schemes less related tax	21.8	10.3

Past service cost in respect of defined benefit scheme

The Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC (and others) court judgement on 26 October 2018 provided some clarity in respect of Guaranteed Minimum Pensions (GMP) equalisation and the obligations that this places on schemes. A further judgement in November 2020 gave greater clarity on the impact on past transfer payments.

In the year ended 31 March 2019, an actuarial estimate of the cost of GMP equalisation was prepared using the C2 method in the Lloyds Judgement, and gave an estimated cost of £1.2m for the Daniel Thwaites 1959 Pension Scheme. The scheme actuary believes this estimate is sufficiently prudent such that no increase is required as a result of the latest judgement. The Daniel Thwaites Supplementary Pension Scheme does not contain any GMP and therefore there is no impact of GMP equalisation.

Relationship between the reporting entity and the trustees (managers) of the defined benefit scheme

The pension assets are held in separate trustee administered schemes to meet long term pension liabilities to past and present employees. The trustees of the schemes are required to act in the best interests of the schemes' beneficiaries. The appointment of trustees to the schemes is determined by the schemes' trust documentation. The Group is responsible for the appointment and removal of the trustees except for the two member nominated trustees of each Scheme who are elected by the membership and can only be removed with the consent of all the trustees.

Future funding obligations in relation to defined benefit schemes

The most recently completed triennial actuarial valuation of the group's main retirement benefit schemes was performed by an independent actuary for the trustees of the schemes and was carried out as at 1 January 2021. Following the valuation, the Group has agreed to contribute £0.9m per annum payable monthly to the Daniel Thwaites 1959 Pension Scheme from 1 April 2022. The Group will also pay the amount of the PPF levy as requested and any expenses of the scheme.

Following the valuation of the Daniel Thwaites Supplementary Pension Scheme, the Group has agreed to contribute £0.2m per annum payable monthly to the Scheme from 1 April 2022. The group will also pay the amount of the PPF levy as requested and any expenses of the scheme.

The Group considers that the contribution rates agreed with the Trustees at the last valuation date are sufficient to eliminate those deficits over the agreed periods and to cover the expenses of running the Schemes. The next triennial valuations are due to be completed at 1 January 2024.

The trust deed and rules for the schemes provide for any surplus on the schemes, once all liabilities have been discharged, to be returned to the Company. On that basis the surplus on the schemes at 31 March 2022 has been recognised as an asset on the balance sheet.

11. TANGIBLE FIXED ASSETS

	Land and properties £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Group				
Cost or valuation:				
At 31 March 2021	259.4	4.1	122.2	385.7
Capital expenditure	8.5	0.7	4.3	13.5
Disposals	(6.5)	-	(1.9)	(8.4)
Revaluation	1.9	-	-	1.9
At 31 March 2022	263.3	4.8	124.6	392.7
Depreciation:				
At 31 March 2021	2.1	1.9	90.7	94.7
Charge for the year	0.2	0.3	6.3	6.8
Disposals	(0.2)	-	(1.5)	(1.7)
Revaluation	-	-	-	-
At 31 March 2022	2.1	2.2	95.5	99.8
Net book value 31 March 2022	261.2	2.6	29.1	292.9
Net book value 31 March 2021	257.3	2.2	31.5	291.0

As at 31 March 2022, in accordance with Group policy, 20% of the pub estate and two inns were revalued by external valuers, Messrs. Fleurets, Chartered Surveyors. The valuation was on the basis of Existing Use Value in respect of these properties in accordance with the RICS Valuation Standards, Sixth Edition.

At the same date two hotels were revalued by external valuers, Christie & Co., Surveyors, Valuers and Agents. The properties were valued on the basis of Existing Use Value as fully operational individual hotel units in accordance with the RICS Valuation Standards, Sixth Edition.

In addition, an impairment review was carried out on the remainder of the estate, by the Company's own professionally qualified staff. Valuations are carried out with reference to the fair maintainable trade of the property and appropriate multipliers.

	2022 £m	2021 £m
Land and properties at cost or valuation:		
Freehold	236.0	231.9
Long leasehold	27.3	27.5
	263.3	259.4
Cost or valuation of land and properties:		
As valued 2022	46.2	-
As valued 2021	44.7	35.3
As valued 2020 and prior	131.1	183.1
At cost*	41.3	41.0
	263.3	259.4
The historical cost of land and properties as shown above:		
Cost	187.9	184.0
Accumulated depreciation	(1.8)	(1.5)
Net book value	186.1	182.5

II. TANGIBLE FIXED ASSETS continued

* Due to the timing of purchase of these assets they have yet to be formally valued. The purchase price is deemed to be a reasonable approximation of the asset's market value.

	Land and properties £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Parent				
Cost or valuation:				
At 31 March 2021	259.4	4.1	122.2	385.7
Capital expenditure	8.5	0.7	4.3	13.5
Disposals	(6.5)	-	(1.9)	(8.4)
Revaluation	1.9	-	-	1.9
At 31 March 2022	263.3	4.8	124.6	392.7
Depreciation:				
At 31 March 2021	2.1	1.9	90.7	94.7
Charge for the year	0.2	0.3	6.3	6.8
Disposals	(0.2)	-	(1.5)	(1.7)
Revaluation	-	-	-	-
At 31 March 2022	2.1	2.2	95.5	99.8
Net book value 31 March 2022	261.2	2.6	29.1	292.9
Net book value 31 March 2021	257.3	2.2	31.5	291.0

	2022 £m	2021 £m
Land and properties at cost or valuation:		
Freehold	236.0	231.9
Long leasehold	27.3	27.5
	263.3	259.4
Cost or valuation of land and properties:		
As valued 2022	46.2	-
As valued 2021	44.7	35.3
As valued 2020 and prior	131.1	183.1
At cost*	41.3	41.0
	263.3	259.4
The historical cost of land and properties as shown above:		
Cost	211.2	207.3
Accumulated depreciation	(1.8)	(1.5)
Net book value	209.4	205.8

* Due to the timing of purchase of these assets they have yet to be formally valued. The purchase price is deemed to be a reasonable approximation of the asset's market value.

12. INVESTMENTS

	Trade loans £m
Group and Parent	
Cost:	
At 31 March 2021	0.8
Additions	0.4
Disposals and repayments	(0.5)
At 31 March 2022	0.7
Provision for diminution in value	
At 31 March 2021	0.2
Decrease in the year	(0.1)
At 31 March 2022	0.1
Net book value 31 March 2022	0.6
Net book value 31 March 2021	0.6

13. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	Shares in subsidiaries £m	Loans to subsidiaries £m
Parent		
Cost less amounts written off:		
At 31 March 2021	11.5	(12.6)
Movements	-	-
At 31 March 2022	11.5	(12.6)

Loans from subsidiaries are non-interest bearing and have no fixed repayment date.

The company had the following 100% owned subsidiary undertakings all of which were dormant throughout the year:

Shire Hotels Limited, Shire Inns Limited, Lodge on the Park Limited, Park Hotels Limited, Thwaites Inns Limited, Yerburch Estates Limited, Rosewood Limited, Wirral Inns Limited, Royal Oak Limited, Yates and Jackson Limited, Star Lager Brewing Limited, Preston Breweries Limited, Bury Brewery Limited, Daniel Thwaites (Trustee) Limited, Langdale Chase Hotel Limited, Langdale Chase Limited, Lady Anne Middleton's Hotel Limited.

The registered address is the same for all companies and is given on page 59.

14. STOCKS

	2022 £m	2021 £m
Group and Parent		
Finished goods and goods for resale	0.7	0.5

15. DEBTORS

	Group		Parent	
	2022 £m	2021 £m	2022 £m	2021 £m
Due within one year				
Trade debtors	3.3	2.1	3.3	2.1
Other debtors	0.9	2.3	0.9	2.3
Prepayments and accrued income	1.3	1.1	1.3	1.1
Corporation tax	-	1.8	-	1.8
	5.5	7.3	5.5	7.3
Due after one year				
Deferred tax (see note 19)	-	3.1	-	3.1
	5.5	10.4	5.5	10.4

16. CREDITORS

	Group		Parent	
	2022 £m	2021 £m	2022 £m	2021 £m
Group and Parent				
Due within one year				
Trade creditors	9.1	3.2	9.1	3.2
Other taxation and social security	2.0	0.4	2.0	0.4
Other creditors	3.1	2.3	3.1	2.3
Corporation tax	0.9	-	0.9	-
Accruals and deferred income	5.5	3.9	5.5	3.9
Loans from subsidiaries (note 13)	-	-	12.6	12.6
	20.6	9.8	33.2	22.4

	Group		Parent	
	2022 £m	2021 £m	2022 £m	2021 £m
Due after one year				
Loan capital (note 17)	45.0	67.5	45.0	67.5
Deferred tax (see note 19)	3.6	-	3.6	-
Interest rate swaps	11.4	17.5	11.4	17.5
	60.0	85.0	60.0	85.0

Group and Parent	Total £m
Interest rate swaps	
At 31 March 2021	17.5
Interest expense arising from financial liabilities	(2.3)
Movement in fair value	(3.8)
At 31 March 2022	11.4

17. LOAN CAPITAL AND OTHER BORROWINGS

	2022 £m	2021 £m
Group and Parent		
Bank loans - revolving credit facilities	22.0	33.5
Overdrafts	-	0.6
Term loan	45.0	45.0
	67.0	79.1

The term loan is secured by a first floating charge over all of the assets of the parent company and certain subsidiaries and bears interest at an average fixed rate of 7.02% per annum. The term loan is repayable by ten equal annual instalments commencing on 16 December 2025.

In accordance with the terms of the borrowing facilities, the group is required to comply with certain financial covenants. As at, and for the year ended 31 March 2022, the group has complied with the terms of those financial covenants.

Borrowings are repayable as follows:

	2022 £m	2021 £m
After five years	36.0	40.5
Between two and five years	9.0	4.5
Between one and two years	-	22.5
	45.0	67.5
Within one year	22.0	11.6
	67.0	79.1

Borrowing facilities:

	2022 £m	2021 £m
The group has the following undrawn committed borrowing facilities available:		
Expiring within one year	16.0	3.4
Expiring between one and two years	-	7.5

18. FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. All financial assets and liabilities are denominated in sterling.

The Financial Review section within the Strategic Report provides an explanation of the group's funding, liquidity and interest rate management policies.

The interest rate profile of the group's borrowings was as follows:

	Fixed rate borrowings £m	Floating rate borrowings £m	Weighted average of fixed borrowings Rate (%)	Weighted average of fixed borrowings Period (years)
At 31 March 2022	45.0	22.0	7.02%	7
At 31 March 2021	45.0	33.5	7.02%	8

As at 31 March 2022, the group has interest rate swap contracts with a notional value of £55m. At the year end none of these swap contracts are hedged against current variable rate borrowings.

The primary financial instruments are as follows:

	Carrying value	
	2022 £m	2021 £m
Financial instruments that are debt instruments measured at amortised cost		
Trade loans	0.6	0.6
Cash	5.4	0.3
Trade debtors	3.3	2.1
Other debtors	0.9	2.3
Financial liabilities measured at amortised cost		
Loan capital	(67.0)	(78.5)
Trade creditors	(9.1)	(3.2)
Bank overdraft	-	(0.6)
Other creditors	(3.1)	(2.3)
Accruals	(5.5)	(3.9)
Financial liabilities measured at fair value through the profit and loss account		
Interest rate swaps	(11.4)	(17.5)

19. DEFERRED TAXATION

Deferred taxation is provided in the accounts at 25% (2021: 19%)

The elements of deferred tax are as follows:

	2022 £m	2021 £m
Accelerated capital allowances	1.1	0.7
Deferred tax excluding that relating to pension asset (liability)	1.1	0.7
Deferred tax on pension scheme surplus (deficit) (note 10)	2.5	(3.8)
Total deferred tax liability (asset) (included within creditors/debtors on the balance sheet)	3.6	(3.1)
Movement in the provision		
At 31 March 2021	0.7	
Deferred tax charged to the profit and loss account (current year movement at 25%)	0.4	
At 31 March 2022	1.1	
Deferred tax relating to pension surplus (deficit)		
At 31 March 2021	(3.8)	
Deferred tax charged to the profit and loss account	(1.0)	
Deferred tax charged in the statement of comprehensive income	7.3	
At 31 March 2022	2.5	

In addition to the deferred tax liability (asset) recognised above, the group has an unrecognised deferred tax asset in respect of capital losses of £0.7m (2021: £0.9m). This asset has not been recognised due to uncertainty regarding the asset being realised in the future.

20. CALLED UP SHARE CAPITAL

	Allotted and Fully Paid Up	
	2022 £m	2021 £m
Ordinary shares of 25p each	14.7	14.7

21. RESERVES

Revaluation reserve - where property, plant and equipment is revalued, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

Capital redemption reserve - a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

22. FUTURE CAPITAL EXPENDITURE

	Group		Parent	
	2022 £m	2021 £m	2022 £m	2021 £m
Contracted for but not provided	0.6	-	0.6	-

23. LEASE COMMITMENTS

	Plant and equipment		Property	
	2022 £m	2021 £m	2022 £m	2021 £m
Non-cancellable operating lease rentals are payable as follows:				
Within one year	0.2	0.2	0.1	0.1
One to five years	0.2	0.2	0.2	0.2
Over five years	-	-	0.2	0.2
	0.4	0.4	0.5	0.5

24. DIRECTORS' REMUNERATION

	2022 £'000	2021 £'000
Aggregate amount:		
Directors' emoluments	865.6	639.5
Company pension contributions to money purchase schemes	22.7	32.1
	888.3	671.6
Highest paid director:		
Directors' emoluments	434.2	318.5
Company pension contributions to money purchase schemes	22.7	20.7
	456.9	339.2

Retirement benefits are accruing to one director under the Group's defined contribution pension scheme (2021: two) and are payable to one director under the Group's defined benefit pension scheme (2021: one).

There is no further compensation of key management personnel other than that disclosed above (2021: none).

Annual General Meeting

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at Daniel Thwaites, Myerscough Road, Mellor Brook, Blackburn, Lancashire, BB2 7LB on Wednesday, 20 July 2022 at 12.00 noon for the transaction of the following business:

ORDINARY BUSINESS

To consider, and if thought fit, pass the following resolutions which will be proposed as ordinary resolutions.

1. To receive and adopt the accounts for the year ended 31 March 2022 and the reports of the directors and the auditor, and to approve and declare a final dividend for the year ended 31 March 2022
2. To re-elect Andrew Stothert as a director
3. To re-elect Mark Fisher as a director
4. To approve and confirm the remuneration of the directors for the year ended 31 March 2022
5. To reappoint BDO LLP as auditor and authorise the directors to determine their remuneration

SPECIAL BUSINESS

To consider, and if thought fit, pass the following resolutions of which resolutions 6 and 8 will be proposed as ordinary resolutions and resolution 7 as a special resolution.

6. THAT, for the purposes of section 551 of the Companies Act 2006 (the Act) the directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the Act) up to an amount equal to the aggregate nominal amount of the authorised but unissued share capital of the Company provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the Company may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

This authority is in substitution for any and all authorities previously conferred upon the directors for the purposes of section 551 of the Act, without prejudice to any allotments made pursuant to the terms of such authorities.

7. THAT, subject to the passing of resolution 6 above, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) pursuant to the authority conferred by resolution 6 above as if section 561 of the Act did not apply to any such allotment provided that the power conferred by this resolution shall be limited to:
 - i. the allotment of equity securities for cash in connection with an issue or offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of equity securities subject only to such exclusions or other arrangements as the directors of the Company may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange in any territory; and
 - ii. the allotment (otherwise than pursuant to resolution 7.1) of equity securities for cash up to an aggregate nominal amount of £735,343.

The power conferred by this resolution 7 shall expire (unless previously renewed, revoked or varied by the Company in general meeting), at such time as the general authority conferred on the directors of the Company by resolution 6 above expires, except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Annual General Meeting *Meeting* continued

8. To authorise the Company generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 25 pence each in the capital of the Company provided that:

- i. the maximum aggregate number of ordinary shares that may be purchased is 5,882,750. Representing 10% of the issued share capital of the Company;
- ii. the minimum price (excluding expenses) which may be paid for each ordinary share is 25 pence.
- iii. the maximum price (excluding expenses) which may be paid for each ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share of the Company (as derived from the AQUIS Exchange website) for the five business days immediately preceding the day on which the purchase is made; and
- iv. unless previously renewed, varied or revoked, the authority conferred by this resolution shall expire at the earlier of the conclusion of the Company's next Annual General Meeting and the date which is six months from the end of the Company's next financial year save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

NOTES

Resolution 6 – Authority to allot relevant securities

The Company requires the flexibility to allot shares from time to time. The directors are limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006 (the Act).

Accordingly, resolution 6 would grant this authority (until the next Annual General Meeting or unless such authority is revoked or renewed prior to such time) by authorising the directors (pursuant to section 551 of the Act) to allot relevant securities up to an amount equal to the aggregate nominal amount of the authorised but unissued share capital of the Company as at 31 March 2022. The directors believe it to be in the interests of the Company for the Board to be granted this authority, to enable the Board to take advantage of appropriate opportunities which may arise in the future.

Resolution 7 – Disapplication of statutory pre-emption rights

This resolution seeks to disapply the pre-emption rights provisions of section 561 of the Act in respect of the allotment of equity securities for cash pursuant to rights issues and other pre-emptive issues, and in respect of other issues of equity securities for cash up to an aggregate nominal value of £735,343, being an amount equal to approximately 5 per cent of the current issued share capital of the Company. If given, this power will expire at the same time as the authority referred to in resolution 6. The directors consider this power desirable due to the flexibility afforded by it.

Resolution 8 - Authority to make market purchases of shares

Resolution 8 seeks authority for the Company to make market purchases of its own ordinary shares. If passed, the resolution gives authority for the Company to purchase up to 5,882,750 of its ordinary shares, representing 10 per cent of the Company's issued ordinary share capital.

Resolution 8 specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The authority will expire at the conclusion of the Company's next Annual General Meeting in 2023 or, if earlier, the date which is six months from the end of the Company's financial year which commenced on 1 April 2022.

Any shares purchased under this authority will be cancelled.

As a member of the Company entitled to attend and vote at the meeting convened by this notice you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend and to speak and vote in your place at the meeting. Your proxy need not be a member of the Company.

You may appoint more than one proxy in relation to the meeting convened by this notice provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share.

By order of the Board Susan Woodward, A.C.I.S.

Secretary

14 June 2022

Shareholder *Information*

REGISTERED OFFICE

Daniel Thwaites PLC
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Telephone: 01254 686868

COMPANY SECRETARY

Susan Woodward, ACIS
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REGISTRARS

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AUDITOR

BDO LLP
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Manchester
M3 3AT

FINANCIAL CALENDAR

Annual General Meeting
Wednesday, 20 July 2022
12.00 noon at Daniel Thwaites, Mellor Brook

Announcement of Interim Results
November 2022

REGISTERED NUMBER

51702

SHARE PRICE INFORMATION

The Company's share price is quoted daily in the Financial Times under the AQUIS (AQSE) section.

Further information about the Company is available on our website:

www.thwaites.co.uk

