



Adnams plc Annual Report  
and Accounts 2020

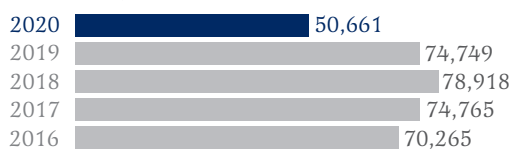
**MOMENTS HAVE  
→ DEFINED US**



## Our performance

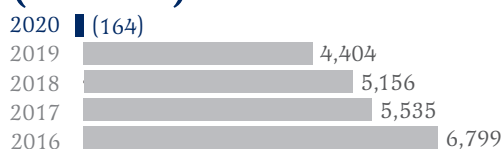
### Turnover £000

**£50,661** -32.2%



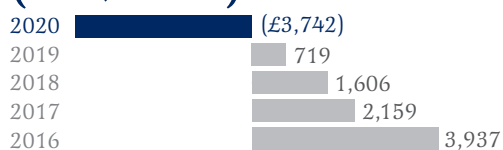
### EBITDA £000

**(£164)** -103.7%



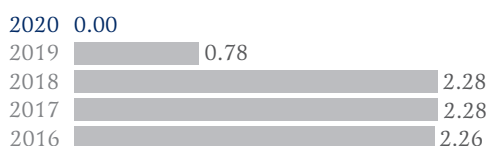
### Operating (loss)/profit £000\*

**(£3,742)** -620.1%



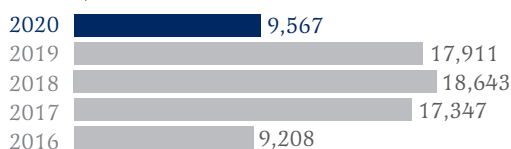
### Dividend £ (per £1 share)

**£0.00** -100%



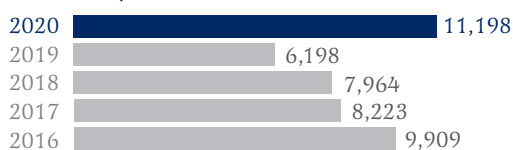
### Net bank debt £000

**£9,567** -46.6%



### Net pension liability £000 (pre-tax)

**£11,198** +80.7%



The above financial highlights comprise the Key Performance Indicators monitored by the Company.

\*Operating profit is reported before highlighted items.

## Contents

### Strategic Report

12	Chairman's Report
14	Strategic Report
24	Environmental reporting
26	Finance commentary

### Governance

28	Our Board
30	Report of the Directors

### Financial Statements

32	Profit and loss account
32	Statement of comprehensive income
33	Balance sheet
34	Statement of changes in equity
35	Statement of cash flows
36	Notes to the financial statements
50	Corporate governance
51	Directors' responsibilities in respect of the financial statements
52	Independent auditor's report

**THE ONSET OF ONE OF THE MOST TURBULENT YEARS IN LIVING MEMORY HAS BROUGHT ABOUT MANY CHALLENGES, YET IT HAS DEMONSTRATED OUR ABILITY TO ADAPT, INNOVATE AND OVERCOME. WE HAVE LIVED UP TO OUR VALUES, SUPPORTED OUR COMMUNITIES AND REMAIN DEDICATED TO OUR CUSTOMERS AND SHAREHOLDERS.**

→ **THE VIRTUOUS CIRCLE**

**Our purpose**

To create wonderful experiences for our customers whether out-of-home or in-home. Adnams stands for conviviality, conversation and creating memories.

To be a company that our owners can be proud to own and that delivers value for them.

To be an exemplar in all we choose to do.  
To be a model company that delivers for all stakeholders.

# THE MOMENT OUR TRUE ADNAMS LAGER WAS BORN

## INTRODUCING KOBOLD



### → The best of the old and the new

Throughout the year, we have continued to sustainably brew and distil safely, to keep up with demand from those channels that were able to be open. Our customers have found new ways of buying our products from Adnams.co.uk or from our retail partners during lockdown, both of which have seen a dramatic upturn throughout the year. When pubs were open we saw very strong levels of demand. Despite the pandemic, we have continued to innovate and develop new products – Kobold, our new premium lager, enters a competitive marketplace. We believe its distinctive flavour helps it stand out from the crowd. Through our partnership with Blue Marine Foundation, we hope to raise awareness and address the important issues of climate justice and the health of our oceans.

“We wanted Kobold to be a true Adnams lager and using our house yeast was fundamental to making it part of the Adnams family.”

→ Fergus Fitzgerald, Head Brewer at Adnams

We brew more than 30 different beers, offering a range of styles and strengths. We want to give our customers choice without a sacrifice on flavour. Many of our beers are vegan and our Ghost Ship 0.5% and other lower alcohol beers/cider are winning new followers as this segment continues to grow. We continue to focus on making our beers more accessible to more people.



Together, we can help protect our seas, coastlines and planet for everyone to enjoy

# THE MOMENT WE CHECKED IN WE FELT RELAXED



➤ Proudly different.  
Adnams stands for conviviality,  
conversation and creating  
memories

Our properties epitomise everything that Adnams is and should be – they recognise and embrace the individual places they are in and our teams deliver a genuine and authentic experience. No two should be the same.

We were one of the very first to cancel rents for our tenants from the outset of the pandemic to support and secure the long-term future of our partners and help them recover as quickly as possible. We continue to do all we can to support them and their teams.



“You must visit the Adnams Brewery – there’s a distillery, tours and the chance to make your own gin even. And for the best service head to The Swan.”

➔ Fred Sirieix

“We were one of the very first to cancel rents for our tenants.”

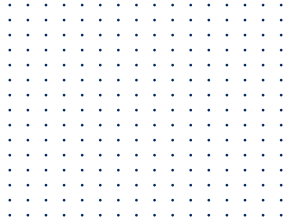
With the advent of lockdown, our businesses have been affected, yet the spirit of Adnams has been apparent. Throughout the differing periods, the teams have been resolute in their safeguarding and ensuring that each property was a safe haven. Our tied and managed pubs have benefitted from various support packages from the Treasury and have at every occasion adhered to the relevant legislation and best practice. We were also part of the Eat Out to Help Out Scheme.

When able to be open properly, demand has been greater than the previous year and there has been incredibly positive feedback. There were many highlights in the year, which included cooking off and sharing meals with our local communities when we had to close, being involved in the Visit England campaign and The Swan being awarded Four Red AA Stars and Inspectors Choice designation.





# THE MOMENT MY HOME DELIVERY ARRIVED



## → Bringing a taste of the coast to your home

In advance of the lockdowns and restrictions, we made the decision to divert our production lines to cans, bottles and mini-kegs to ensure that our customers could enjoy our products at home whilst there were restrictions in place. Of those channels which were able to remain open, we saw that our customers sought to find new ways to purchase from us and sales from Adnams.co.uk rose over 245% in revenue, over 350% in orders and over 11% in individual order value.

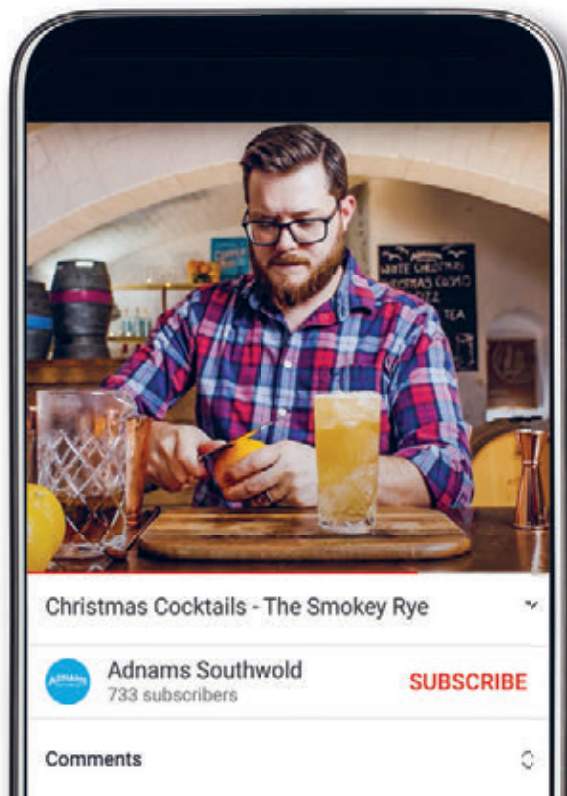


In 2020, Adnams.co.uk generated over £5.4m of revenue and delivered more than 90,000 orders – this revenue stream has been important for the business. This emergent business stream has been supported by a strong strategy that has attracted and retained new customers whilst also strengthening our existing customer base – at peak, we introduced additional delivery systems to ensure that we kept up with demand, which was at new highs. We also developed new systems to allow our shop network to deliver locally. This is something that we are developing in 2021 and, in addition to reducing our carbon footprint, decreases time from order to delivery, reduces packaging and reinforces the relationship with the local store.

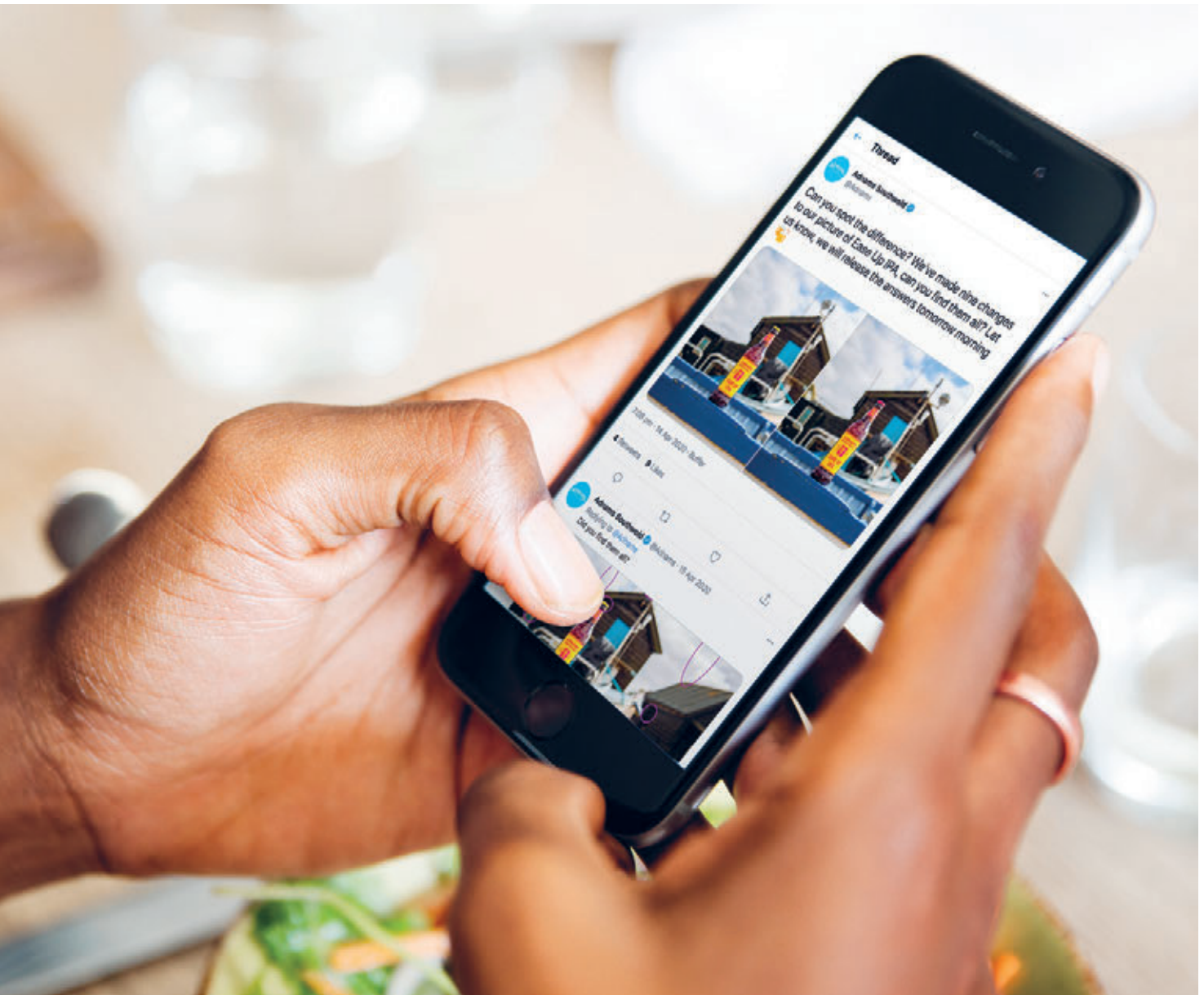
## +£5.4m

revenue generated by Adnams.co.uk in 2020

We welcomed over 40,000 new customers to Adnams.co.uk through organic and paid search. The focus on engagement on our social channels raised awareness of the breadth and depth of products, and the tasting notes, cocktail videos and new product information enabled our customers to access new elements of the business that they may not have before. We have seen a dramatic increase in active customers who continue to engage with our storytelling. We continually innovate and the introduction of the Jack Brand craft beer mixed case has enabled our customers to access four of our beers in one pack – this new format has proved to be incredibly popular and similar ‘bundles’ will follow to introduce new products to our customers.







Our partners have seen strong demand for our products through their own businesses. We have continued to develop stronger ties and build new relationships to ensure that our products are in stores and online. Many of our partners have increased their stocking of our products, enabling access to new customers, which is encouraging. The underlying demand for our products remains strong and customers have sought to find ways to buy from us through whichever channel is open to them. We remain thankful to our customers for their loyalty to our business and products.

We have also piloted virtual guided tastings. The feedback has been very encouraging and we will look to develop this proposition in 2021 as it gives us an opportunity to interact and share the knowledge of what goes into our distinctive products.

“We have continued to live our values and doing things right has stood us in good stead as our customers have found new ways to purchase our products.”

→ Jonathan Adnams OBE, Chairman



# THE MOMENT OUR IDEA BECAME A REALITY

## Distinctive in every way

In 2020, we added another nine IWSC (International Wine & Spirit Competition) awards to our tally, which total over 110 awards in 10 years. The market for spirits continues to become more saturated, however our strong presence and compelling messaging continues to cut through and Copper House remains our best-selling gin.

We have continued to introduce seasonal gins to add to our permanent ranges, which brings the choice of gins to eight. Habanero and Lime joined the family and following strong feedback and demand we have had to distil more Orange & Sea Buckthorn and Quince.

Our whiskies have seen strong coverage and received great reviews throughout the year in major media titles. This coverage has led to an uptake of our Single Malt, Rye and Triple Malt. We also developed and launched a new Adnams Cream Liqueur, which has received five-star reviews.

We plan to introduce two new seasonal gins in 2021 and a premium whisky, and we continue to review new format and refillable options that are truly sustainable.

“It was inspired by a fruiting Quince tree growing near our Copper House distillery.”

→ John McCarthy, Adnams’ Head Distiller

## Our wines

James Davis is only one of 408 people in the world to be a Master of Wine and with his team continues to curate an extensive list of wines that led to Adnams being placed again in the Top 50 Independent Wine Merchants in the UK and solidify his position as one of the top 100 most influential people in wine in the UK. We have more than 300 wines from 17 different countries and the breadth and depth of choice has resulted in a growing audience for our wines, bringing new or perhaps unknown grape varieties to the forefront. Our knowledgeable teams are able to recommend wines and extend our customers’ knowledge and tastes.

In 2020, more than 120 articles throughout the year reviewed and recommended our wines. These reviews reflect the effort, time and thought that is put into partnering with producers who share our values and desire to create distinctive drinks.

During 2021, we will continue to innovate and develop new products, some in different formats to look to reduce our impact on our environment.

## Esquire

The best gins you can drink in 2020

1. Adnams Orange & Sea Buckthorn

Adnams is so much more than just beer, and this limited-edition gin is a winner – fresh, zingy but dry nonetheless, with the only sweetness coming in the form of citrus and tropical fruit flavours (orange, mango, pineapple). Garnish with a fresh orange slice.



~~~~~  
“As ever, if Adnams does something, it does it well.”

→ Melissa Cole, Telegraph



# THE MOMENT WE UNITED FOR OUR COMMUNITY

→ **Doing the right thing.  
Business should be a force  
for good**

We have throughout the pandemic continued to do what we can to support the communities that are so important to us. We have worked with many organisations and bodies to help in whatever way we could, including working closely with UEA (University of East Anglia) to make hand sanitiser for more than 1.4m pairs of hands. Our teams continued beach cleans and cooked and distributed food and other goods to the local community. Our 10k run, in its 12th year, went virtual for the first time and raised over £5,000 for the Adnams Community Trust. Adnams was privileged to have been awarded the Lord Lieutenant of Suffolk Award in recognition of outstanding service to the community.



“Our technicians are producing 500 litres of hand sanitiser gel a day with ethanol provided by Adnams.”

→ University of East Anglia 

## 15,000

care packages of food and drink



We have throughout the year delivered over 15,000 care packages of food and drink to support and recognise those who are contributing to society, including local residents, food banks, hospitals, fire stations, care homes, schools, councils, community centres, surgeries, post offices, logistics hubs, food drops, good neighbours, Armed Forces bases, volunteer centres and many more. It is a small way we can thank those doing so much for others.

Despite our stores being closed for long periods, our customers still generously donated £31,000 through Pennies in 2020. This money has helped a variety of causes, including Tom’s Trust and the Adnams Community Trust.





**Helping Heroes**

Our tenants have played a huge part in their communities during the pandemic. New village stores have opened up within pubs, bringing essentials within walking distance to isolated villages. Food and drink takeaway and delivery services have helped keep our pubs at the heart of the community.

They are hubs of the community, hosting social events such as Meet up Mondays physically and virtually, and donating food and land to schools to help them grow vegetables and learn about food.



2020 saw the rise and celebration of the community hero. Those unsung heroes doing extraordinary things in their everyday lives. We celebrated a number of people, including Tim Neobard, who made face shields and delivered over 9,000 to local hospitals all free of charge, and Vicky Barnes, an NHS nurse who moved out of her home to protect her husband and three children whilst working on the front line.

Alongside Archant, we have gone on to recognise hundreds more heroes in the East Anglian Daily Times and Eastern Daily Press.

## Chairman's Report

# A YEAR LIKE NO OTHER



There is no doubt this has been a year like no other. On 23 March, the hospitality industry was instructed by the Government to close its outlets and we saw our Free-trade and Tied Estate business disappear overnight. We also closed our shops at that point as scientific opinion was unclear on how the virus was transmitted. Our overriding concern at that stage was the safety of our customers and staff and we therefore decided to close the doors. Whilst the instruction to completely close came as something of a shock, we had been planning for it for a number of weeks prior and were able to close down in an orderly and manageable fashion. In order to financially safeguard our own pubs, we were one of the first businesses to cancel rents and I was pleased to see most of the industry followed this lead. Adnams strives to do the right thing in every decision it makes, and I am pleased we were able to support our tenants, protect our customers and protect our staff in this way during the extremely uncertain and dangerous first phase of the pandemic.

Clearly, this situation significantly impacted the business and we saw beer volumes fall by 23% and spirits volumes fall by 31%. This led to turnover falling from £75m in 2019 to £51m in 2020. The speed at which we took decisions early in the crisis meant we were able to manage cash retained in the business well throughout the year. We curtailed all but the most essential capital expenditure, delivered a negative EBITDA of £164k and reduced net debt by £8.3m. Allowing for depreciation, we delivered an operating loss of £3.8m. Whilst reporting a loss is unpalatable under any circumstance, this should be seen as a good result given the restrictions the business has been operating under for almost a year. During the pandemic, we also refinanced for another three years with Barclays, which demonstrates their confidence in the underlying strength of the Adnams business and our strategy.

We should also note and recognise the swift response provided by the Treasury in introducing the furlough scheme and providing business rate relief. Both initiatives benefitted the core company as well as our tenanted pubs. Their timely introduction avoided the significant job losses that would have occurred had they not been introduced rapidly and at scale.

The company and its pubs were also beneficiaries of the Chancellor's stimulus package in the form of a VAT reduction to 5% for the hospitality industry, which runs until April 2021, and the Eat Out to Help Out Scheme that ran for the month of August.

At the time of writing, the vaccine rollout is progressing well, the 'R' rate is reducing and Coronavirus case numbers are falling, and this is encouraging news. However, it is the Board's view that there remain significant material uncertainties as the economy begins its path to recovery. How specifically this relates to the hospitality industry and under what restrictions it will be expected to adhere to as it reopens remains an unanswered question. The Government is certainly striking a more cautious tone, and given this, it is our expectation that the country will walk back slowly from lockdown. We therefore do not expect demand to reach normal levels for some time and further expect government stimulus and support schemes to be withdrawn during the year. Given these uncertainties, the company has decided not to pay a 2020 final dividend, although the Board will keep the payment of an interim dividend under continual review.

Our recent investment in our systems infrastructure meant our website was robust and able to withstand significant levels of increased business. This was also true for our back-office systems and pick, pack and despatch operations in our warehouses. During the year, our database grew dramatically. Our online business and our sales to supermarkets were the mainstay of the business during the initial period following closure and we are grateful that our diversified strategy allowed us to maintain sales and cash coming into the business. As the pandemic progressed, we were able to reopen shops in June and they enjoyed a good trading period despite operating under social distancing restrictions. Pubs and hotels were allowed to open in July and they too enjoyed strong demand and generated cash. In November, pubs were further restricted as more stringent tiers were introduced and we effectively lost Christmas, our most profitable period.

Throughout, I have been delighted to see the way in which customers reacted to the social distancing and safety measures we put in place in our shops, pubs and hotels. It was our stated aim to create oases of calm and safe havens for people to come and spend time with us without feeling compromised or unsafe in any way and to top that off with outstanding levels of service. I think we achieved this in a fast-moving situation with often-changing government rules and restrictions.

Twin beacons throughout this crisis have been our purpose and values. These inform our approach and our ability to use our long-term perspective to such good effect. The way we work with each other, support for our customers and the communities we operate within, alongside bold and timely investments in preceding years, has meant the business has been able to weather this most challenging of years, avoid significant job losses, retain cash in the business and pay down borrowings.

Support to local communities is critical for any business rooted as deeply as Adnams. Early on we worked with the University of East Anglia (UEA) turning part of our distillery over to the production of ethanol for hand sanitiser for use in all East Anglian hospitals. We regularly supported NHS and front-line employees with small tokens of our thanks for their work throughout the year and continued to keep money flowing into the Adnams Community Trust. Its work is more important than ever, supporting the most vulnerable in society and our local community. I was also delighted to observe many of our pubs providing vital services in their local areas. Community shops, warm meals on wheels for the elderly and takeaway services for those more mobile customers are just a sample of the innovations we have seen. Pubs are an essential part of everyday life for many and hugely symbolic within the economy. When we are able to open them, it will be a significant signal towards life returning to some normality for us all.

**“We regularly supported NHS and front-line employees with small tokens of our thanks for their work throughout the year and continued to keep money flowing into the Adnams Community Trust.”**

The company was a recipient of the Queen's Award for Enterprise, Sustainable Development in 2020. This is the third time we have been acknowledged in this way and demonstrates our commitment to doing the right thing.

Finally, I must say thank you to our shareholders. I know many of you are also customers and you demonstrate your loyalty by giving us your custom and support. I am confident that we will be able to rebuild the business relatively quickly once we reopen and return to paying dividends at a future point. Thanks also to our staff; many have been on furlough for much of the year with all the attendant concerns and worries that can bring, but when able to work they stepped forward and delivered service to our customers with care, confidence and great style. Last but not least, I am delighted to formally and publicly welcome Jenny Hanlon to the Board as Chief Financial Officer. Jenny's contribution during the second half of 2020 and the wealth of experience she brings to the Board will stand the company in good stead for many years to come.

I look forward to welcoming shareholders, customers and staff back into the business soon.



**Jonathan Adnams OBE**  
Chairman

Strategic Report

# ADAPT AND OVERCOME



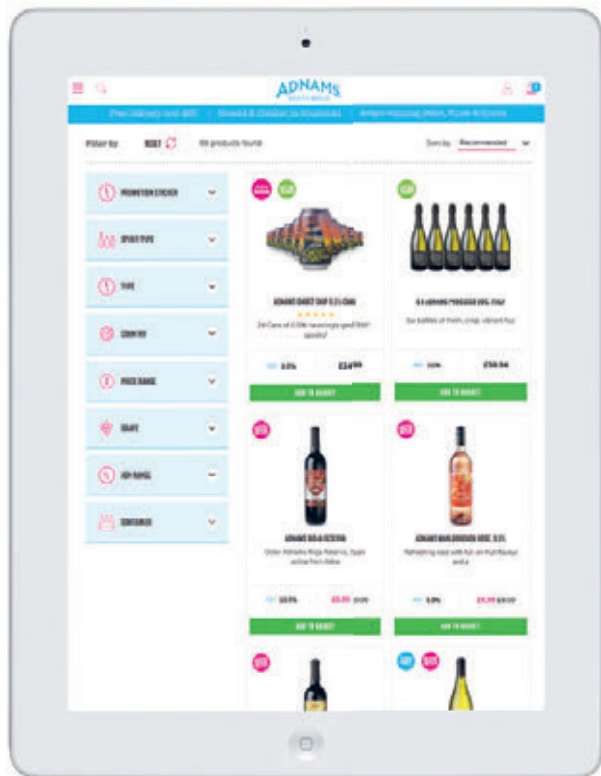
“Learning lessons through crisis, building for the future.”

Without wishing to rehearse previous years it is worth noting that the company entered the pandemic immediately following three years of investment and change. These investments in hotels and systems were aimed at providing the infrastructure and facilities to enable us to serve customers at the Adnams standard of service long into the future.

We anticipated 2020 as a year when we could focus on the business unencumbered by internal change and complicated investment projects and free to focus on growth.

On March 23rd 2020 the Prime Minister announced the closure of the hospitality industry. The ravages of the pandemic saw sales fall by 32% to £50.6 million, EBITDA (a proxy for cash flow) fall by more than 100% and operating profits fall to a £3.8 million loss. Our focus on cash retention, which including cancelling dividends, throughout the year enabled us to reduce net debt by 46.6% to £9.56 million. Although we anticipate some of this will unwind in the coming year as the business reopens.

The loss of more than 125,000 people as a result of coronavirus is a tragedy for the nation, and affected many close to home including shareholders, staff, suppliers and customers. On behalf of the company





I would like to pass on sincere condolences to all that have suffered a loss.

This year's Report and Accounts is therefore more of a walk through the steps to ensure Adnams survived and prepared itself to thrive in a post Covid world.

### Our approach

Our clearly stated strategy is as a brand led, vertically integrated company encompassing beer and spirits production, retailing and property ownership. We do this through multiple channels of distribution: close to home, nationally and internationally. Unfortunately, many of these routes to market were severely interrupted by the onset of the Coronavirus pandemic early in the year. However, after initial shocks it was clear this diversified strategy provided much-needed opportunity for growth in income through the off-trade, mainly sales to supermarkets and our own online channel. As pubs, bars and hotels were forced to close from March through to July and subsequently operate under severe restrictions in the final months of the year, sales online and to supermarkets were the only route to market for our products for many months.

### Four initial priorities

At the start of the crisis, we established and communicated four clear priorities: ensure the health and safety of our customers and staff, stabilise the business, save as many jobs as possible and protect our pubs. Taking each of these in turn:

In the workplace, we put in place strong Covid-secure procedures and where possible staff were instructed to work from home, consistent with government guidelines. We closed shops, as at the time scientific opinion was divided on how the virus transmitted and, on the balance of risk, we decided closure to be the best option.

In regard to stabilising the business, we concentrated on cash retention, working with our supply chain to extend credit terms where possible and with our customers to shorten payment terms. This was a huge collaborative and nuanced effort where we ensured smaller and local suppliers, where we may have caused business distress, were paid on time. We worked with larger suppliers to negotiate longer payment terms and with our supermarket customers,

we were able to negotiate considerably reduced time to payment from them. I would like to record my thanks to all our partners for their cooperation in this effort. Concurrently, we had to work closely with our home delivery partners to ensure we were able to insert a burgeoning number of daily online orders into their already overworked networks in a way that prevented them from being overwhelmed. The net result of these efforts was that we saw volume growth through the off-trade channel of 15% and we saw our online channel grow by 247%. Our resultant banking margin of safety grew substantially, aided by significantly reduced capital expenditure.

Our focus on saving livelihoods meant we talked to staff about their futures even before the introduction of the furlough scheme. Such is the commitment of the Adnams team, all impacted staff agreed to taking unpaid leave. The subsequent introduction of the furlough scheme came as very welcome news to all concerned and averted the potential for considerable hardship. Additionally, almost everybody who remained working agreed to taking a 50% pay cut for the duration of the initial lockdown.

**“In the workplace, we put in place strong Covid-secure procedures and where possible staff were instructed to work from home, consistent with government guidelines.”**

Finally, although the company was faced with the potential for financial duress, there was no question that it would not support its pubs and tenants by cancelling rents. Pubs are valuable enduring assets and will once again be wonderful businesses, sources of community pride and generators of revenue for tenants and Adnams when on the other side of the crisis. This action was important from a moral perspective, beyond the obvious financial considerations, as it provided evidence that these small businesses were not alone and that they are part of the extended Adnams family. We further worked with them to provide advice on furlough claims and ensure they maximised benefits from business rate relief and local authority grants.

### Learning and transforming

As the initial crisis progressed, it was clear we should turn our attention to growing the business in the channels that were able to trade and to prepare those that would open in the summer to trade well, albeit under restrictions. We worked with our external data analysts to better understand our online customers and how they responded to different forms of social media advertising, and we further developed the range we offered online as a result. We implemented an app for ordering in pub gardens and at tables, and our technology can now dynamically route online orders to shops if the customer is within a catchment area of that store, meaning same day and timed deliveries direct from Adnams became a reality. Building on the core system (ERP) implementation completed in 2019, the pandemic accelerated a wider digital transformation of the business, making it easier for our customers to do business with us now and in the future.



## Strategic Report continued

### Pubs, Hotels and Shops

Our properties are a crucial part of our brand proposition and provide customers with the opportunity to experience multiple dimensions of the Adnams brand. Our pubs and hotels are places that offer a warm welcome and facilitate friends and family meeting and sharing in places conducive to conversation, conviviality and community. A sense of place is a vital ingredient for pubs, and whether it is the ambience of the Swan Hotel in Southwold or sitting in front of the fire in a favourite village pub, the connection with place and an embeddedness within the community are critical components. These values will be ever more important as the country recovers from the sense of dislocation caused by the pandemic. Our tenants' experiences throughout lockdown have led to a heightened sense of the role they have to play in all of this. We currently have no vacant properties and all our pubs are ready to reopen once given the green light. We have taken the opportunity to add The Sole Bay, Southwold to our managed pubs business and look forward to building on the strong foundations provided by our long-standing tenant who has chosen to retire. The Swan, Southwold was awarded Four Red AA Stars and Inspectors Choice designation. This is the highest award the establishment can achieve within this rating system due to constraints of the building. When allowed to be open, our managed properties were mostly EBITDA positive, benefitting from pent-up demand plus the Government's stimulus package in the form of a VAT reduction on food sales, business rate relief, local authority grants and the much publicised Eat Out to Help Out Scheme for the month of August.



Our 12 Adnams shops similarly provide a multi-dimensional brand experience for customers. They opened earlier than pubs and provided a much-needed boost to income levels as we moved through the year. Our staff provided welcoming Covid-secure environments and enjoyed serving their regular customers and welcoming new ones. Our shops provide an excellent launch pad for new products, and 2020 was no exception.

### Products

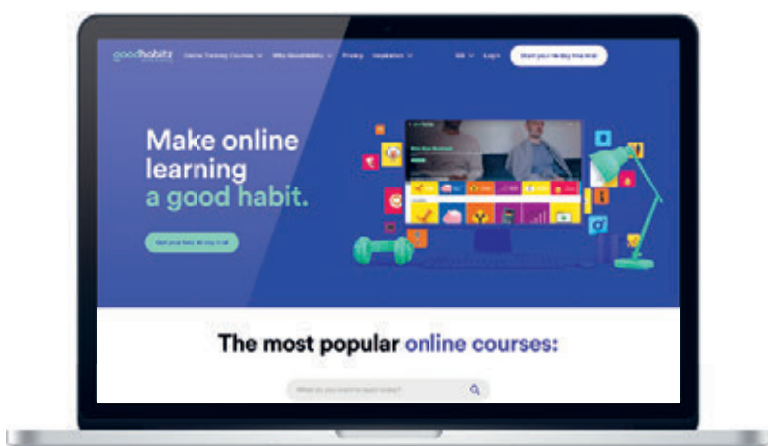
Our new premium lager Kobold was released in July. Named after a seagoing mythical spirit, the Kobold or Klabautermann lives aboard ships and helps sailors. This distinctive product is targeted as an English alternative in the premium lager segment of the UK market, a market currently dominated by global European brands and the only segment of the beer market in sustained growth prior to the pandemic. Kobold enjoyed good levels of sales through our own shops and online and is beginning to pick up supermarket listings. On-trade listings and growth has been more subdued for obvious reasons. We are delighted to have teamed up with BLUE (Blue Marine Foundation) with Kobold in support of the protection of the world's oceans. We celebrated 10 years of Ghost Ship 4.5% with a series of limited-edition collaboration beers. We joined forces with Camden Town Brewery for 'Camden-on-Sea', Beavertown for 'Strange Seas' and Magic Rock for 'Red Phantom'.



All the beers had their own twist but all had Ghost Ship unmistakably at their heart. Throughout the pandemic, we have continued to champion the low alcohol segment of the market and we have frequently seen the award-winning Ghost Ship 0.5% at the top of online and shop sales charts. Add to this our 0.5% Wild Wave Cider and our 0.5% wines and we have a significant line-up of products for that growing number of customers who are choosing to restrict their alcohol intake. Finally, we also bottled Old Ale for the first time, adding the beer to our online and shops offer. Feedback from customers was very positive and it performed very well and ahead of expectation.

## People

Our people proved to be a source of inspiration throughout the whole year. At the height of the crisis, we had more than 460 people on the furlough scheme and had fewer than 30 people operating the business on a day-to-day basis. Whilst furlough scheme rules were stringent about ensuring people were not working whilst receiving government support, we were able to keep in contact through regular all staff ‘Zoom’ calls and we have encouraged people to develop and train themselves through our online training portal ‘Goodhabitzz’. Both initiatives are allowable under the scheme rules. Staff have been extremely flexible in their approach as the on-trade opened in the summer, initially with very high demand ultimately falling to low levels once tiering was introduced and tightened during the autumn. Throughout, staff have been professional, always available and committed to delivering the best service possible for our customers. I am very proud of every one of them and the culture we have at Adnams. I thank them for their forbearance throughout this very difficult year.



## Purpose and values

Our purpose and values have been the twin beacons that have guided us through the darker days of this year. Our long-term perspective, the patience of our shareholders, the commitment of our staff and the enduring loyalty of our customers mean we enter the final stages of the pandemic poised not only to restore the business but propel it on to better and more significant things.

We have also learned a great deal and have been troubled by the inequality the pandemic has highlighted in our own communities and around the world. As a purpose led, values driven business, we are not able to ignore these things, as social justice and a sense of fairness are important to us. We need to do better on diversity and inclusion in the same way that we tackled gender some 15 years ago and emerged a stronger business for it. The role Adnams plays in East Anglian life has also been brought home to us and we have used our media reach to campaign for the tourism sector, for the hospitality industry, for beer and for pubs.



I was delighted to see the company receive the Queen's Award for Enterprise, Sustainable Development for the third time since 2006. This hard-to-win award acknowledges Adnams' long-term commitment to reducing its impact and tackling climate change.

**“I was delighted to see the company receive the Queen's Award for Enterprise, Sustainable Development for the third time since 2006.”**

## Outlook

We all hope the worst of the pandemic is behind us. The vaccine programme is progressing well and as key indicators are moving in the right direction we hope the Government will free the hospitality industry as soon as it is safe to do so. The last thing the industry needs is to be in and out of lockdown again in 2021, and a sustainable exit is vital. When that release does come, we are confident that strong demand will be there as it is unlikely foreign travel will feature in customers' itineraries for much of 2021. This augurs well for the prospects of our pubs and hotels where something as simple as a trip to the local for a conversation with friends will seem like a much-needed return to normality. We have continued to invest time and a little money in our products, people and systems during lockdown and are therefore well placed to welcome back and meet the needs of our customers once they are allowed to emerge from hibernation.

I would like to echo the Chairman in thanking our shareholders, staff, customers and suppliers for their continued support during this most challenging of years.

**Andy Wood OBE DL**  
Chief Executive Officer

**Strategic Report** continued



# BREWING AND BRANDS

**Beer**

We have continued to brew throughout the pandemic and our beer volumes were down 23% on 2019, which was as a direct consequence of the closure of pubs, hotels and the wider hospitality industry.



We recognised the market changes and were able to work with our bottling and canning partners to divert our brewed beer to satisfy the growth in take home and web sales which have been significant; sales online have grown substantially and we have added more listings with key supermarkets.



We have seen from the onset of the pandemic an advocacy for our products; customers were seeking out new ways to purchase Adnams and found new channels for them. The focus and investment in our e-commerce site enabled customers to order from us directly at Adnams.co.uk and they have continued to do so; nearly 50% of customers to the site were unknown to us and the welcome journey has ensured repurchases. The investment we have made in previous years enabled this channel to become a major income stream throughout the year.

We continued to listen to our customers and Old Ale was for the first time bottled and was able to be enjoyed at home rather than in the pub; our customers were able to access it in a new format through a different channel - feedback through social media was incredibly positive, engagement was strong and it performed very well.

To celebrate the 10th anniversary of Ghost Ship 4.5%, we introduced three collaboration beers which were successful. Ghost Ship 4.5% continues to be our best-selling beer.



“Customers were seeking new ways to purchase their Adnams products.”

**36%**

Growth in the take home and web sales

We launched Kobold, our new premium lager, which was inspired by the sea it will protect. In partnership with BLUE (Blue Marine Foundation) we will support more marine conservation projects. Kobold is vegan and we continue to grow our selection of beers that are vegan. We are also developing a gluten-free beer to make our family of beers more inclusive - this is something that is important to our business as we pioneered Ghost Ship 0.5% in the no and low segment.



**Free Trade in East Anglia and London**

Our direct business was severely affected by the pandemic. During closure we have developed our capacity and processes to work with our customers more closely and have updated our innovative ordering tool Rockpool to make the process of ordering, enquiring and managing accounts from smartphones easier. When able to reopen, we expect strong demand for our award-winning products; and look forward to serving our customers in East Anglia and London in the near future.

**National On-Trade**

Our national performance reflected the environment that we found ourselves in and permitted trading days were down 61% on 2019. Our commitment to our customers, wholesalers, pub companies and other brewers continues to be strong and we look forward to serving them in the future.

“Throughout, we have solidified our relationships with our key partners.”

**National Off-Trade**

We have developed and grown our relationships with existing customers and added new listings throughout the pandemic. We have seen the benefits of the close relationships we have, and the new listings have led to increased sales as customers have found new ways to purchase Adnams products. This has demonstrated the advocacy of our customers and their propensity to remain loyal to Adnams. We are grateful for the support of our supermarket customers during the crisis.

**Export**

We were also able to add Canada and South Korea to the list of countries we export to. We are looking to grow our international sales and these additions takes to 33 the number of countries we export to. We are seeing those countries with whom we have existing relationships more eager to expand the selection of Adnams products and we continue to work hard to support in-country awareness with marketing support and international coverage.

**33**

countries we export to



## Strategic Report continued

# SPIRITS

We continued to be recognised for the distinctive quality of our spirits, winning nine awards – our vodka, gin and whisky continue to set the standard for the grain to glass process, a story that we continue to tell and demonstrates our distinctiveness in the market. We grew our seasonal offering to include Orange and Sea Buckthorn and owing to feedback online and feedback from our shops we reintroduced Quince.

Our whisky continues to receive glowing reviews that reflect the skill and craft that John McCarthy and his distillery team instil. A welcome addition to the spirits family was our Cream Liqueur, which too has won many fans and demonstrates the ability of our team to innovate even during a pandemic.



### Wine

We are once again part of the Top 50 Independent Wine Merchants and James Davis, our Master of Wine, was named as one of the Top 100 Wine Influencers in the UK. The investment and focus on the depth and breadth of our range of wine has once again widened our customer base and introduced new products to new and existing customers. Last year we had more than 210 articles in the press and online covering our range of wines – these recommendations and reviews grow our reputation as a renown wine retailer. We have championed rarer grape varieties with some success, and we have a strong pipeline of products for the future.

## 300

wines from 17 countries

## 210

Articles in the press and online covering our range of wines in 2020



# PUBS AND HOTELS



When allowed to be open, our properties performed well in 2020, contributing to the business and receiving strong positive feedback. We have utilised the furlough and flexi-furlough schemes to control costs and received the Retail, Hospitality and Leisure Grant Fund (RHLGF) in April and November where applicable. The cessation of business rates from April onwards helped enormously for our properties to recover losses made during the temporary closure period.

Lower rates of VAT on food, accommodation and non-alcoholic drinks allowed us to pass on some benefit to customers and reflect our increased costs from lower capacities and maintaining Covid-secure premises. Accommodation occupancies remained very strong from the point of reopening until we closed down again in November as people wanted to stay somewhere safe. Our Managed Properties took part in the Chancellor's Eat Out to Help Out Scheme in August.



We took the decision to cancel rents for our tenants from the outset of this crisis in order to support them as best we can for the future. As pubs reopened, we gradually increased these from August, before cancelling again for the November lockdown. Our focus has always been on securing the long-term future of our pubs and helping them to recover from the Covid crisis as quickly as possible. We worked more closely than ever with our tenants to ensure they were able to reopen quickly and safely in July, sharing information, best practice, advice and guidance via bi-weekly Zoom meetings.

We worked with our tenants to ensure they could secure all the available support from the Treasury.

Two of our tenants retired from their businesses in early 2021, both of which were pre-planned before Covid. The Sole Bay, Southwold has transferred to our Managed group as was always the intent and The Half Moon, Walton transferred to a new tenant. We also signed two tenancy/lease renewals in late 2020, demonstrating our tenants' confidence in the future of their businesses and the ways that Adnams has supported and will continue to support them.



“Our focus has always been on securing the long-term future of our tenants and helping them to recover from the Covid crisis as quickly as possible.”

# SHOPS →

Our 12 stores, which had the safety of our customers and staff at the forefront of their opening, performed very strongly and whilst open were able to return a 3% increase in contribution on the previous year – the negative impact on volumes, owing to the number of days that they were able to be open, was evident; however, margins remained strong and customer feedback was positive. Before putting the shops into hibernation, we ensured that nothing went to waste and short-life products were given to the local communities. Our stores and the knowledgeable and enthusiastic teams who run them continue to grow customer numbers and through the use of social media have been able to keep customers updated and engaged. Our teams are eager to return to serve their customers.

## Strategic Report continued

### Brand and Communications

Sharing our stories is a powerful tool for us; not only to raise awareness of who we are and what we do but also champion causes that are important to us. We have focussed on creating engaging content to inform, educate and entertain our customers. The varied content has led to an increase in engagement across our social media channels.

To raise awareness in the marketplace, we have grown our voice through reviews and articles. This has led to a 54% increase in readership over 2019, by circulation the near 500 pieces reached millions of people around the world. The positive articles, recommendations and reviews have been in the press, online and on television, which reaches different audiences and we have been able to align coverage to sales uplifts. In addition to our product coverage, we have had very strong community, regional and national coverage on ITV, BBC, Sky and other key outlets to champion our industry, comment on our approach, share what we are doing.

Throughout the pandemic we have continued to react adeptly to the changing circumstance; the focus on what we have done throughout to support our communities has been the priority.

### Our People

We are proud of the commitment and dedication shown by our teams, but the last 12 months have proven beyond any doubt what a special bunch of people they really are. They have shown resilience in the face of financial and operational uncertainty and quickly adapted to serving and supporting our customers in new ways and to keep everyone safe when our doors were open. A small number have tirelessly worked throughout the pandemic, on site and in hastily converted home offices, often while balancing home schooling, caring for family and neighbours or volunteering in their local community. Many others have shown their support by being flexible and understanding when asked to take periods of furlough and have continued to support each other when away from the roles that mean so much to them. Sadly some have lost loved ones to Covid, but all have played their own part in protecting each other, our customers and our business.

### Bringing our Values to Life

In 1990, Adnams celebrated its centenary year as a public company by establishing a charity. Adnams shareholders agreed to support its formation, which would be funded by at least 1% of Adnams' annual profits. Today, this social endeavour is still going strong and had reached its own landmark birthday. It was created to support worthwhile causes within a 25-mile radius of our hometown of Southwold and formalise the good work the company was already undertaking.

Jonathan Adnams, Chairman of Adnams and of the Adnams Community Trust, states: "30 years ago, we formed the charity to help formalise the good work already happening in Adnams, and the shareholders overwhelmingly supported our decision. Adnams has always been about doing the right thing, and I'm proud of what the Trust has achieved over the past three decades. As we look to the future, we hope the Trust will continue to go from strength to strength and remain at the heart of the community."

**"To raise awareness in the marketplace we have grown our voice through reviews and articles. This has led to a 54% increase in readership over 2019."**

The charity has awarded over 1,500 grants to date, supporting local causes to the tune of £1.425 million – areas of support include education, health and social welfare, recreation, buildings and community facilities and conservation.

Some of the recent recipients include Thorpeness Beach Baggers, who are all residents of the village. For the past 16 years they have been committed to cleaning the local beach, but this year they expanded their environmental efforts to include planting heritage fruit trees. They were awarded a grant of £920 to help bring their plans to fruition. Other organisations that have recently benefitted from grants include local pre-schools, village halls, sports associations and causes such as Woodbridge Riding for the Disabled and a local hedgehog rescue centre, Hedgehog Rescue.

2020 has been year of significant challenges for businesses and charities alike; however, the Adnams Community Trust is fortunate to have been supported through various fundraising activities including Pennies and the Adnams Virtual events, which replaced the company's usual 10k run.





## Adnams Community Trust celebrates 30th anniversary



Over 1,500

grants awarded to the charity to date supporting local causes to the tune of £1.425 million



Adnams was unable to hold its annual 10k in November but maintained the sense of occasion with a trio of virtual events at the end of October. The virtual 5k, 10k and Suffolk Pub Tour saw over 700 entrants take part throughout the country and help raise a further £5,000 for the Adnams Community Trust. The runners were rewarded with an environmentally friendly wooden medal, which doubles up as a coaster.

Andy Wood, CEO of Adnams and Trustee of the Adnams Community Trust, remarks: “I have always believed that business should be a force for good, which is why Adnams supporting the Trust with 1% profits is something I’m passionate about. 2020 has not been a great year in the industry, but we will continue to ensure the Adnams Community Trust is funded to support our community when the need is greatest.”



“I’m proud of what the Trust has achieved over the past three decades. As we look to the future, we hope the Trust will continue to go from strength to strength and remain at the heart of the community.”

## Strategic Report continued

# ENVIRONMENTAL



## REPORTING

To have been awarded a 2020 Queen's Award for Enterprise, Sustainable Development recognises our absolute and unwavering commitment to our sustainability agenda that has been at our heart for decades. To have won three Queen's Awards for Enterprise, Sustainable Development is extraordinary and something which the business is rightly proud of and is recognised by many as the most prestigious of business awards in the UK.

We continue on our sustainability journey to reduce our overall impact and raise awareness of causes that are important for climate and social justice. We are working with key institutions, partners, suppliers and industry bodies to share and develop innovative and practicable developments to help reduce footprints. Consumers are more than ever making buying decisions on environmental impact and reputation. Our Sustainability Committee has been active in ensuring that Adnams continues to innovate and think differently. Also, despite the pandemic and when appropriate we have continued to clean beaches and work with our suppliers on projects that continue to reduce our impact. We intend to pilot a refillable model in 2021.

### Carbon and Energy

Our total carbon emissions fell by 24.6%. We cannot take this figure in isolation though, as production levels have been reduced, although we have continued to brew throughout the pandemic to keep pace with demand online and through our large network of retailers. We have looked to divert production to cans, bottles and mini-kegs to avoid waste where possible and continue to work with our energy suppliers and equipment manufacturers to reduce our usage. We have also been active in securing UK based ingredients where possible.

We have also hibernated parts of the business to reduce energy usage and continue to review our full impact closely.

### Water

Our water use and effluent volumes fell in line with the reduction in production levels. The investment in our closed water recovery system continues to significantly reduce our spirit water ratio and we are working closely with our key manufacturing supplier on a full water recovery system for the de-alcoholiser. We have continued to benefit from the rainwater harvesting system at our sustainable distribution centre, which celebrates its 15th year, to wash our fleet of vehicles and flush our toilets. We have also contributed to industry forums, academic studies and supplier awareness events to raise awareness of what we have done and to learn from others.

### Waste and Biodiversity

Minimising our impact and developing circular economies is key to our success. We continue to make decisions that drive awareness; we will no longer offer biodegradable bags in our stores after the current stock is exhausted - we will offer bags for life, and cardboard packaging that can be reused will be offered to our customers. The cardboard that cannot be reused is shredded and used as inside packaging. Liquid waste from the brewery goes to an aerobic digester and spent grain goes to animal feed.

Our bee corridor continues to grow and now homes over two million bees across 30 sites near Southwold. Steve our beekeeper makes the hives out of disused wood and the honey is used in our hotels and inns. We have partnered with the Blue Marine Foundation (BLUE) to raise awareness of restoring the ocean and to have over 30% of the world's ocean under effective protection by 2030.

### Carbon data

| Year | Total emissions<br>Tonnes of carbon dioxide equivalent (CO <sub>2</sub> e) | Normalised emissions<br>kgCO <sub>2</sub> e per £k revenue | Scope 1 emissions<br>(tonnes):<br>"Fuels used for combustion and owned transport" |                  | Scope 2 emissions<br>(tonnes):<br>"Purchased electricity" | Production<br>kgCO <sub>2</sub> e per barrel produced | Distribution<br>kgCO <sub>2</sub> e per barrel delivered | Retail<br>kgCO <sub>2</sub> e per £k revenue | Managed properties<br>kgCO <sub>2</sub> e per £k revenue |
|------|----------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------|-----------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------|----------------------------------------------|----------------------------------------------------------|
|      |                                                                            |                                                            |                                                                                   |                  |                                                           |                                                       |                                                          |                                              |                                                          |
| 2020 | 2,471<br>(-24.6%)                                                          | 48.291<br>(+10.3%)                                         | 2,471<br>(-24.6%)                                                                 | 0<br>(no change) | 16.8<br>(+24.2%)                                          | 5.3<br>(-16.4%)                                       | 0.9<br>(-58.1%)                                          | 69.7<br>(+22.0%)                             |                                                          |
| 2019 | 3,277<br>(-0.3%)                                                           | 43.789<br>(+5.1%)                                          | 3,277<br>(-0.3%)                                                                  | 0<br>(no change) | 13.5<br>(+7.1%)                                           | 6.4<br>(+1.6%)                                        | 2.1<br>(+16.7%)                                          | 57.1<br>(-11.1%)                             |                                                          |
| 2018 | 3,286                                                                      | 41.668                                                     | 3,286                                                                             | 0                | 12.6                                                      | 6.3                                                   | 1.8                                                      | 64.2                                         |                                                          |
| 2017 | 2,755                                                                      | 36.850                                                     | 2,752                                                                             | 3                | 10.7                                                      | 6.4                                                   | 2.0                                                      | 65.9                                         |                                                          |

Note: Using location-based emission factors, total emissions were 2,815 (-30.4%) tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), normalised emissions were 55.0 (+1.7%) kgCO<sub>2</sub>e per £k revenue, fuels used for combustion and owned transport were 2,471 (-24.6%) tonnes and purchased electricity amounted to 346 (-55.7%) tonnes.

### Environmental expenditure

We do not separate our environmental expenditure from other costs as we discourage it being seen as a separate cost when it is so integral to the long-term sustainability of our business.



### Risk and Adaption

We continue to participate actively with the British Beer and Pub Association (BBPA) main and sub-committees and other key bodies to understand and contribute to issues that are relevant and pertinent to our business. These include the deposit return scheme, waste packaging, labelling and legislative requirements for products exported to the EU, which all in part would lead to direct implications for the business. We understand the possible implications and are actively contributing to these issues positively and holistically.

We are developing our in-house capability and growing our external network to focus on key sustainability issues and address ways in which we can reduce our impact. These include package-free delivery from stores, innovative repurchase schemes, product and lifecycle use and constantly reviewing our holistic imperative to reduce our impact and that of our supply base. We will become signatories of the important Terra Carta initiative, our sustainability committee continues to meet and we continue to work closely with key academic institutions to inspire and learn more about how we can make a bigger difference.

### UN SDGs

We continue to incorporate the United Nations' Sustainable Development Goals into our sustainable plan, which give clarity and focus to our priorities. The UN SDGs are a strong vehicle and one which we are aligned to and consider in everything we do.



## Strategic Report continued

# FINANCE



## COMMENTARY

Trading revenues were £23.6m down on the previous year as a direct consequence of various trading restrictions impacting us throughout the year. Changes to how we operate saw operating expenses fall £19m and we received government support of £3.2m, resulting in negative EBITDA of £0.2m, ahead of our forecast.

### Business systems

This year we were able to demonstrate the success of our new ERP system JD Edwards (JDE) installed in 2019. In 2020, we focussed a small level of additional spend, due to the constraints of our operating environment, on developing it further. We will continue to drive more technology improvements into 2021 and beyond through further investment to support our business goals, improve customer experiences and secure operating efficiencies.

**Supporting our diversified business model in very challenging operating conditions.** Our ERP system provided our Direct free-trade business with efficiency, transparency and flexibility in dealing with the multiple opening and closing episodes during the year. Our eCommerce business was able to thrive, growing significantly as customers were unable to purchase beer, wines and spirits in pubs and bars for much of the year, with daily sales ranging from £14,000 to £100,000. We developed our technology to pinpoint the most appropriate customer fulfilment route, be it third party delivery, or delivery from our own shops, ensuring highly fluctuating levels of customer demand were met.

### Developing technology to retain and attract customers.

We focused effort on further developing JDE to improve our ability to respond to customer needs. We continued developing our ordering app, Rockpool (which interfaces with JDE) for a relaunch in 2021 to our Business customers. The benefits of Rockpool are twofold, giving our customers a unique way to interact with Adnams through self-serving, and for our own team to deliver a better service to these customers with various historical applications and tools being streamlined into one.

**Scalability and efficiency of our systems.** Through the use of our technology, automating mundane tasks and redesigning job roles when some staff decided to leave, the business was able to reduce headcount by 16% in 2020. A proportion of this reduction was due to minimising staffing during the pandemic and natural wastage following an original need to upsize in 2019 to deliver the ERP project. Whilst it is always sad to say goodbye to team members, those that remain are provided with better quality and more fulfilling work.

### Highlighted Items

In 2020, we had a £90,000 cost in relation to the equalisation of Guaranteed Minimum Pension (GMP) benefits for those transferring from the Scheme following a recent ruling in case law. For further detail please see the comments below in Pensions. There were no highlighted items in 2019.

### Borrowings

A significant focus on cash preservation throughout 2020 has resulted in year-end net debt levels reducing from £17.9m in 2019 to £9.6m. This has put us in a strong position as we

enter 2021, albeit a large proportion of this will unwind in the next 12 months. £3.6m of this improvement is from agreements made with HMRC to defer payments into 2021 and a further £1m benefit from creditors who were over term. The latter was achieved through collaborative negotiations with suppliers, whilst being mindful to prioritise smaller businesses to minimise undue distress on those with scarcer resources. Our cash position was further supported by tightly managing our stock levels, which saw a reduction in stock holding at year end of 5% (£0.5m), despite the conflicting pressure to hold more stock with the impending uncertainty around Brexit.

The year began with a £5m fixed term loan, a £5m revolving credit facility and a £12m overdraft. We have a close and supportive working relationship with our bank, which was able to waive the breaches on our financial covenant ratio targets on our longer-term facilities in the first three quarters of the year. Unsurprisingly, these covenants were set in a very different trading environment. In December we successfully renegotiated our banking facilities altering the mix slightly and reducing total funding by £2m to a £5m fixed term loan, a £7m revolving credit facility of which we were utilising £5m at year end and an £8m overdraft.

### Tax

In 2020, we had a loss of £4,304,000 and a tax credit of £521,000. In 2019, there was a pre-tax profit of £39,000 and a tax charge of £10,000. We take a prudent approach to our tax affairs and steer away from anything close to tax avoidance; however, we do utilise tax reliefs properly given.

### Pensions

Regular readers of these accounts will be familiar with the volatile nature of our pension liabilities. This year the Scheme deficit has increased substantially from a deficit of £6.2 million to a deficit of £11.2 million. The deficit is the difference between the Scheme's assets, measured at market value, and the Scheme's liabilities, measured at the discounted value of the estimated future pension payments. If future payments are discounted at a lower rate, their estimated current value increases, and this is the main reason for the higher deficit at 31 December 2020. The discount rate used in 2020 was 1.9% which was the same as 2019. The liability to the approximately 280 members of the scheme has been assessed as £50 million. The Scheme closed to new members in 2002 and to all future accrual in 2005.

In our 2018 accounts we made a provision of £1 million to cover the estimated additional cost of guaranteed minimum pensions (GMP) following determination of a court case relating to equalisation of GMP payments due to men and women. GMP benefits are paid to Scheme members in lieu of the State Earnings Related Pension Scheme (SERPS) as the Scheme was contracted out of SERPS. During 2020, a further development relating to GMP entitlements has clarified the treatment of those transferring from the Scheme and as a result an additional £90,000 provision has been made in these accounts. This has been charged to operating profit and is part of the highlighted items.

### Treasury Policies

We keep our Treasury policies under review in the light of economic circumstances. We accept the year-by-year impact of currency and interest rate fluctuations on the basis that over the long term we will gain in some years and lose in others. Whilst changes in foreign exchange and interest rates impacts our results, the quantum is not significant enough to require altering our approach.

We continue to choose to not insure our debts owed to us, and even in a year as challenging as this have not found the need to change this. We manage our credit risk with appropriate

## Financial highlights

|                                             | 2016  | 2017   | 2018   | 2019   | 2020    | Variance <sup>1</sup> |
|---------------------------------------------|-------|--------|--------|--------|---------|-----------------------|
| EBITDA                                      | 6,799 | 5,535  | 5,156  | 4,404  | (164)   | (103.7%)              |
| Operating (loss)/profit (£000) <sup>2</sup> | 3,937 | 2,159  | 1,606  | 719    | (3,742) | (620.1%)              |
| ROCE (percentage) <sup>3</sup>              | 10.7% | 4.7%   | 3.5%   | 1.6%   | (12.6%) | (887.5%)              |
| Gearing (book value)                        | 33.5% | 60.6%  | 67.6%  | 64.5%  | 47.3%   | (26.6%)               |
| Net debt (£000)                             | 9,208 | 17,347 | 18,643 | 17,911 | 9,567   | (46.6%)               |
| Interest cover <sup>4</sup>                 | 17.4  | 7.0    | 3.2    | 1.4    | (10.5)  | (840.6%)              |
| Ordinary dividend (per £1 share)            | 2.26  | 2.28   | 2.28   | 0.78   | 0.00    | (65.8%)               |

1 % variance between 2019 and 2020.

2 Before highlighted items, where applicable.

3 The return on capital is based on the pre-highlight operating profit line and capital employed, including debt.

4 Excluding highlighted items and interest on pension deficit.

limits applied to each customer, based on payment history and credit references. Limits are reviewed regularly, and debt appropriately chased.

Further details of financial risk are shown in note 27 to the financial statements.

### Dividend Policy

We are not recommending a final dividend in relation to 2020, as was the case in 2019. An interim dividend was not paid in 2020, in 2019 the interim dividend was 78p per "B" share and 19.5p per "A" share.

### Stakeholders (Statement under s.172 CA 2006)

Our business's underlying principle in how we operate is to be an exemplar in all we choose to do; to be the model company that delivers for all stakeholders, whether they are customers, suppliers, owners, employees, our local community or the environment. This drives the purpose and values that are central to the Adnams ethos and the way in which management and Board decisions are taken. We are a company that our owners can be proud to own and that delivers long-term value for them.

This Strategic report, together with the Chairman's report on pages 12 to 13, outlines the significant levels of work performed by Adnams across the community, and environmental and social investment, in line with the requirements of s.172 of the Companies Act 2006.

Adnams benefits from a very active Board, particularly in 2020, where on occasion the Board was meeting as regularly as twice a month. Discussions focused on tenants, customers, staff welfare, cash flow and our overall financial position, against the backdrop of our environment and social responsibilities, enabling stakeholder interests to be balanced. Such balance is the essence of our long-term business planning, central to the decision-making process at Adnams.

### Business Risks and Uncertainties

We seek to use this report, and that from our Chairman, to discuss the business in such a way that we properly explain the principal risks and uncertainties that we face. We have also sought to classify the main categories of risks and uncertainties beyond the environmental and financial risks discussed above, as follows.

Firstly, the state of the economy and the road to recovery post Covid-19, with the impact that this inevitably has on consumer confidence and underlying changes in alcohol consumption patterns, are key to us. We actively mitigate macroeconomic changes such as Brexit by bringing together internal task forces to investigate, plan and implement required changes to maximise opportunity and minimise downside, bringing

in external experts where necessary. We keep our drinks offering relevant by utilising a diverse team from across the business that regularly reviews opportunities in consumer demand, whether it be low and no alcohol offerings, health related aspects (vegan/gluten free) or simply product extension.

Secondly, the regulation of our industry affects the ways in which we compete. The alcohol industry is highly regulated. We seek to ensure that we adopt a consistently responsible attitude towards alcohol consumption, are well informed on regulatory development and engage with the development of these regulations. We are active members of the British Beer and Pubs Association and Drinkaware.

Thirdly, we face operational risks across the business. Worthy of note are those risks in ensuring the continuing functioning of our brewery and distillery computer systems and other key processes. We mitigate these by attracting and retaining staff with the right abilities and by establishing wider risk management processes. The latter will be further enhanced by the recent appointment of Marsh as our insurance brokers who we are working with to further embed our risk management processes across our business.

Fourthly, our brand and reputation are crucial to all our business activities and we seek to be constantly vigilant in ensuring that we stand by our values and live up to the name that we have built, consistently across all our sales channels.

Finally, we have chosen to add a new risk this year, cyber. Our business processes have become more integrated with the use of technology, and so the potential of loss or harm related to our technical infrastructure grows. Our IT team has altered some of its focus to ensure we work to minimise this ever increasing threat.

### The Future

Our business, like so many others in this industry and those others across the country as a whole, has experienced an incredibly challenging year. The impacts on the operating environment, our customers, our loyal staff and our suppliers has been well documented. Nevertheless, the business has surpassed internal predictions for the outturn of 2020 and is in a strong position as we enter into 2021. We embrace the changes to our working practices, supported by our drive to utilise technology to its full potential, so that we may continue to excite our customers across all our sales channels.

At the time of writing, we are digesting the Chancellor's Budget. Initial reactions are largely favourable for the hospitality industry and Adnams, and should assist the recovery of the business into 2021.

Jenny Hanlon  
Chief Financial Officer

## Our Board



**Favourite drink** Either a pint of Ease Up IPA, or an Adnams Rye Malt Whisky

### **Jonathan Adnams OBE** Chairman

Jonathan joined Adnams on 25 November 1975, starting out in brewery engineering and working in every aspect of the company since.

He joined the Board in 1988 running pubs and property and assumed the role of Managing Director in 1997. In August 2006, Jonathan took over the role of Chairman, in which post he remains today.

Jonathan has been instrumental in driving Adnams forward in terms of innovation and sustainability. The introduction of the modern and energy-efficient brewing equipment and the world-class distillery that is Adnams today are all thanks to Jonathan. Jonathan was awarded an OBE in 2008 for his commitment to corporate social responsibility.

In November 2020, Jonathan celebrated completing 45 years at Adnams.

Outside work Jonathan is a keen sailor, and spent many years as part of the RNLI Lifeboat crew in Southwold.



**Favourite drink** Adnams Quince Gin & tonic

### **Karen Hester** Chief Operating Officer

Karen joined Adnams in 1988 as a part-time cleaner with a background in army logistics and transport; her expertise in operational management was soon spotted. Having progressed in logistics, procurement and transport, Karen became Operations Director in 2007. In 2008, Karen won the title of East of England Business Woman of the Year and in 2013 won the CBI First Women Business of the Year title in recognition of Adnams' success in supporting women employees to reach their full potential. Karen is also a magistrate and joined the Adnams Board in 2015. In October 2015, Karen was awarded an honorary doctorate by University Campus Suffolk (UCS).

Karen also works with a number of local charity and not-for-profit organisations as a Non-Executive Director.



**Favourite drink** A pint of Ghost Ship, in either format, 4.5% or 0.5%

### **Dr Andy Wood OBE DL** Chief Executive

Andy joined Adnams in 1994. He joined the Board in 2000 as Sales and Marketing Director, becoming Managing Director in 2006 and Chief Executive in 2010.

In 2010, Andy founded and was Chairman of the New Anglia Local Enterprise Partnership. He is Non-Executive Chairman of SG Wealth Management, a Non-Executive Director of Roys and Hotel Folk and a Governor of Norwich School. He was awarded an OBE in the Queen's Birthday Honours 2013.



**Favourite drink** A satisfying pint of Southwold Bitter

### **Jenny Hanlon** Chief Financial Officer

Jenny started her career training to be an accountant with Ernst & Young. From here she worked across multiple sectors, having spent time with Barclays, Greene King, Willis plc, iprism and GRP Group. Jenny is also a non-executive Trustee at BEST, a multi-academy trust in the East of England for children with special educational needs.

Jenny joined the Board in June 2020.



**Favourite drink** Adnams Quince Gin & Tonic with a slice of apple

### **Nicky Dulieu** Non-executive Director & chair of the Remuneration Committee

Nicky is a highly experienced businesswoman who has held a number of senior positions in leading UK retailers, including Finance Director of the Food Division at Marks and Spencer and Chief Executive Officer at Hobbs. Nicky is a passionate gardener and this, combined with her retail expertise, led her to become Chairman of Notcutts, the Suffolk family-owned group of destination garden centres from 2015 until March 2020. She is also a Commercial Board Member for the Royal Horticultural Society and a Non-Executive Director and Remuneration Chairman at Huntsworth PLC, an international healthcare and communications group. Nicky joined the Board of Redrow Homes as a Non-Executive Director in November 2019, and the Board of Marshall Motor Holdings as a Non-Executive Director and Chair of the Remuneration Committee in January 2020. Nicky has been on the Adnams Board since April 2014.



**Favourite drink** A mini bottle of Adnams Prosecco

### **Bridget McIntyre MBE** Non-executive Director & chair of the Audit committee

Bridget started her business career training to be an accountant. After qualification in 1987, she worked in a variety of industries from Collins the publishers to Volvo cars. She moved to work at Aviva and held a number of senior positions across the business. In 2019, Bridget received an honorary doctorate from Aston University, and she was also awarded an MBE for her services to women. In 2010, Bridget founded her own social enterprise business, Dream On, a Suffolk-based company focused on improving the lives of women, and subsequently The Blossom Charity in 2013. Bridget became the Chairman of Notcutts in March 2020. Bridget joined the Adnams Board in May 2013.



**Favourite drink** A bottle of Sole Star

### **Guy Heald** Non-executive Director

Guy joined the Adnams Board in April 2015.

Guy has been a long-term supporter of Adnams. His family has been involved with Adnams since its very early days and is a major shareholder.

Guy has been an Adnams Community Trust trustee since 2004. He has had a successful international career in finance and has wide-ranging interests in Suffolk.



**Favourite drink** A refreshing pint of Ghost Ship 0.5%

### **Steven Sharp** Senior Non-executive Director & chair of the Nominations Committee

A former Executive Director of Marks and Spencer, Steven was responsible for marketing, financial services, e-commerce and store development.

He is Executive Chairman of Imagineer London, an international marketing and branding agency.

Steven is a Fellow of The Chartered Institute of Marketing and a Doctor and Visiting Professor of Glasgow Caledonian University.

## Report of the Directors

### For the year ended 31 December 2020

The Chairman's report and the Strategic report on pages 12 to 27 include information about the company's business and financial performance during the year and indications of likely future developments and should be read in conjunction with this report.

| <b>Dividends to ordinary shareholders</b> | <b>2020<br/>£000</b> |
|-------------------------------------------|----------------------|
| Final                                     | -                    |
| Interim                                   | -                    |

### Financial risks

The financial risk management objectives, policies and exposures of the company are set out in the Strategic report and in note 27 to the accounts.

### Properties

In the opinion of the directors, the market value of the properties considerably exceeds the amount included in the balance sheet. The directors are unable to quantify this excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the company's intention to retain ownership of its principal existing properties for use in its activities for the foreseeable future.

### Directors

The directors who held office during the year and their interests in the share capital of the company, at the beginning and end of the financial year, and whilst a director, are shown below.

The statement of Directors' responsibilities is shown on page 51.

MGH Heald, K Hester and SM Sharp retire by rotation and being eligible offer themselves for re-election.

| <b>Directors' interest<br/>Ordinary shares</b> | 'A' Ordinary 25p |          | 'B' Ordinary £1 |         |
|------------------------------------------------|------------------|----------|-----------------|---------|
|                                                | <b>2020</b>      | 2019     | <b>2020</b>     | 2019    |
| J P A Adnams                                   | <b>195,641</b>   | 193,703  | <b>10,138</b>   | 10,138  |
| N J Dulieu*                                    | <b>161</b>       | 161      | -               | -       |
| J E Hanlon                                     | <b>100</b>       | -        | -               | -       |
| M G H Heald*                                   | <b>173,433</b>   | 169,971  | <b>49,014</b>   | 43,035  |
|                                                | <b>14,467**</b>  | 14,467** | -               | -       |
| K Hester                                       | <b>2,315</b>     | 2,315    | -               | -       |
| B F McIntyre*                                  | <b>105</b>       | 105      | -               | -       |
| S M Sharp*                                     | <b>304</b>       | 304      | -               | -       |
| A C Wood                                       | <b>1,745</b>     | 1,745    | -               | -       |
|                                                | <b>10,670**</b>  | 10,670** | <b>3,800**</b>  | 3,800** |

\* Denotes non-executive director.

\*\* Shares held as Trustee.

The company has a Share Incentive Plan (SIP) in which the executive directors are eligible to participate. Directors' interests in shares attributed under the terms of this scheme are included above.



## Employee matters

### Engagement

Adnams is committed to involving employees in the performance and development of the company by encouraging them to discuss with management matters of interest and subjects affecting day-to-day operations through an employee forum, staff surveys, regular briefings from the Chief Executive and a written board report and by invitation to attend and present to the Board. Regular business performance updates are provided by the executive directors through internal social media. During 2020, regular informal Zoom meetings were held to keep employees informed of all decisions, to answer any questions and to offer support.

### Remuneration

The Board regularly debates its remuneration policy and the company runs incentive schemes to improve performance and to allow employees to benefit from the company's success. As described in the stakeholder section of the Strategic report, employee interests, along with those of other stakeholders, are central to decision-making at Adnams.

### Health, welfare and development of employees

Adnams operates numerous schemes to promote the physical and mental welfare of employees. As well as pension and life assurance, we provide cover for illness and we make available to employees qualified specialists to cover health, welfare, pension advice and any counselling needs. Health, safety and wellbeing policies are given a high profile in all areas with wide representation throughout the company on the Health and Safety Committee. Adnams has ensured every possible measure is in place to mitigate against the risk of Covid-19 and has adopted new working practices and processes to ensure safe working.

### Learning and development

It is our policy to offer wide-ranging training and development opportunities to all employees at every level and to provide long-term secure and fulfilling employment with career progression for those that seek it.

### Diversity

It is the company's policy to give full consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees who become disabled to continue their employment or to be trained for other positions.

## Independence

Adnams continues to value and work to preserve its status as an independent company.

### Charitable donations

Adnams is committed to giving not less than 1% of its annual profits to charitable causes.

Donations to the Adnams Community Trust during the year amounted to £12,500 (2019: £12,000).

### Supplier payment

It is the company's policy to make every effort to agree terms of payment with suppliers in advance, to ensure that suppliers are made aware of the terms and to abide by them.

At 31 December 2020, the company had an average of 48 days (2019: 32 days) purchases outstanding in trade creditors.

### Directors' qualifying third-party indemnity provisions

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### Statement as to disclosure of information to the auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 489 of the Companies Act 2006.

By Order of the Board

N J Hawkins  
Secretary

14th April 2021

## Notice of meeting

Notice is hereby given that the One Hundred and Thirty Second Annual General Meeting will be held on 19 May 2021 at 11 o'clock for the following purposes:

### Ordinary Resolutions

1. To consider the Accounts and Directors' report
2. To re-appoint MGH Heald, who retires by rotation
3. To re-appoint K Hester, who retires by rotation
4. To re-appoint SM Sharp, who retires by rotation
5. To re-appoint Grant Thornton UK LLP as Auditor
6. To authorise the directors to fix the remuneration of the Auditor

A member entitled to vote at the above meeting is entitled to appoint a proxy to exercise all or any of his/her rights to vote. There will be no physical attendance at this year's AGM, however questions may be submitted in advance. Please see your Proxy Form for further details.

By Order of the Board

N J Hawkins  
Secretary

14th April 2021

### Registered Office

Sole Bay Brewery, Southwold, Suffolk, IP18 6JW  
Company registered number 31114

## Profit and loss account

For the year ended 31 December 2020

|                                                         | Notes | 2020<br>£000   | 2019<br>£000 |
|---------------------------------------------------------|-------|----------------|--------------|
| Turnover                                                | 5     | 50,661         | 74,749       |
| Other operating income                                  | 5     | 3,196          | -            |
| Operating expenses                                      | 6     | (57,599)       | (74,030)     |
| <b>Operating (loss)/profit before highlighted items</b> |       | <b>(3,742)</b> | 719          |
| Highlighted items - operating expenses                  |       | (90)           | -            |
| <b>Operating (loss)/profit</b>                          |       | <b>(3,832)</b> | 719          |
| Profit on disposal of assets                            | 7     | -              | 62           |
| <b>(Loss)/profit before interest and taxation</b>       |       | <b>(3,832)</b> | 781          |
| Interest receivable                                     |       | -              | 1            |
| Interest payable                                        | 10    | (355)          | (526)        |
| Other finance charge on pension scheme                  | 26    | (117)          | (217)        |
| <b>(Loss)/profit before taxation</b>                    |       | <b>(4,304)</b> | 39           |
| Tax on (loss)/profit                                    | 11    | 521            | (10)         |
| <b>(Loss)/profit</b>                                    |       | <b>(3,783)</b> | 29           |

## Statement of comprehensive income

For the year ended 31 December 2020

|                                                          | Notes | 2020<br>£000   | 2019<br>£000 |
|----------------------------------------------------------|-------|----------------|--------------|
| <b>(Loss)/profit</b>                                     |       | <b>(3,783)</b> | 29           |
| Actuarial (loss)/gain on pension scheme                  | 26    | (4,868)        | 1,503        |
| Movement on deferred tax relating to actuarial gain      | 19    | 1,076          | (256)        |
| <b>Total comprehensive income for the financial year</b> |       | <b>(7,575)</b> | 1,276        |

|                                             | Notes | 2020            | 2019 |
|---------------------------------------------|-------|-----------------|------|
| <b>Earnings per share basic and diluted</b> | 13    |                 |      |
| 'A' Shares of 25p each                      |       | <b>(206.8)p</b> | 1.5p |
| 'B' Shares of £1 each                       |       | <b>(827.2)p</b> | 6.1p |

The notes form an integral part of the financial statements.

## Balance sheet

As at 31 December 2020

|                                                                | Notes | 2020<br>£000    | 2019<br>£000 |
|----------------------------------------------------------------|-------|-----------------|--------------|
| <b>Tangible fixed assets</b>                                   | 14    | <b>40,816</b>   | 43,791       |
| <b>Current assets</b>                                          |       |                 |              |
| Stocks                                                         | 15    | <b>8,719</b>    | 9,185        |
| Debtors                                                        | 16    | <b>3,562</b>    | 9,706        |
| Cash at bank and in hand                                       |       | <b>435</b>      | 24           |
|                                                                |       | <b>12,716</b>   | 18,915       |
| <b>Creditors: amounts falling due within one year</b>          | 17    | <b>(11,923)</b> | (17,411)     |
| <b>Net current assets</b>                                      |       | <b>793</b>      | 1,504        |
| <b>Total assets less current liabilities</b>                   |       | <b>41,609</b>   | 45,295       |
| <b>Creditors: amounts falling due after more than one year</b> | 18    | <b>(10,199)</b> | (10,196)     |
| <b>Provision for liabilities</b>                               | 19    | <b>-</b>        | (1,114)      |
|                                                                |       | <b>(10,199)</b> | (11,310)     |
| <b>Net assets excluding pension liability</b>                  |       | <b>31,410</b>   | 33,985       |
| Pension liability                                              | 26    | <b>(11,198)</b> | (6,198)      |
| <b>Net assets including pension liability</b>                  |       | <b>20,212</b>   | 27,787       |
| <b>Capital and reserves</b>                                    |       |                 |              |
| Called up share capital                                        | 20    | <b>472</b>      | 472          |
| Share premium                                                  | 21    | <b>144</b>      | 144          |
| Profit and loss account                                        | 21    | <b>19,596</b>   | 27,171       |
| <b>Equity shareholders' funds</b>                              |       | <b>20,212</b>   | 27,787       |

The notes form an integral part of the financial statements.

The financial statements were approved by the Board on 14th April 2021, authorised for issue and signed on its behalf by:

**J E Hanlon**

Director

Company registration number 31114

## Statement of changes in equity

For the year ended 31 December 2020

|                                                     | Notes | Called up<br>share capital<br>£000 | Share<br>premium<br>account<br>£000 | Profit<br>and loss<br>account<br>£000 | Total<br>£000  |
|-----------------------------------------------------|-------|------------------------------------|-------------------------------------|---------------------------------------|----------------|
| <b>At 1 January 2019</b>                            |       | <b>472</b>                         | <b>144</b>                          | <b>26,971</b>                         | <b>27,587</b>  |
| Loss for the year                                   |       | -                                  | -                                   | 29                                    | 29             |
| <b>Other comprehensive income</b>                   |       |                                    |                                     |                                       |                |
| Actuarial gain on pension scheme                    | 26    | -                                  | -                                   | 1,503                                 | 1,503          |
| Movement on deferred tax relating to pension scheme |       | -                                  | -                                   | (256)                                 | (256)          |
| <b>Total comprehensive income</b>                   |       | <b>-</b>                           | <b>-</b>                            | <b>1,276</b>                          | <b>1,276</b>   |
| Dividends paid                                      | 12    | -                                  | -                                   | (1,076)                               | (1,076)        |
| <b>At 31 December 2019</b>                          |       | <b>472</b>                         | <b>144</b>                          | <b>27,171</b>                         | <b>27,787</b>  |
| Loss for the year                                   |       | -                                  | -                                   | (3,783)                               | (3,783)        |
| <b>Other comprehensive income</b>                   |       |                                    |                                     |                                       |                |
| Actuarial (loss)/gain on pension scheme             | 26    | -                                  | -                                   | (4,868)                               | (4,868)        |
| Movement on deferred tax relating to pension scheme | 19    | -                                  | -                                   | 1,076                                 | 1,076          |
| <b>Total comprehensive income</b>                   |       | <b>-</b>                           | <b>-</b>                            | <b>(7,575)</b>                        | <b>(7,575)</b> |
| Dividends paid                                      | 12    | -                                  | -                                   | -                                     | -              |
| <b>At 31 December 2020</b>                          |       | <b>472</b>                         | <b>144</b>                          | <b>19,596</b>                         | <b>20,212</b>  |

The notes form an integral part of the financial statements.

## Statement of cash flows

### For the year ended 31 December 2020

| Notes                                                                                                       | 2020<br>£000    | 2019<br>£000 |
|-------------------------------------------------------------------------------------------------------------|-----------------|--------------|
| <b>Cash flows from operating activities</b>                                                                 |                 |              |
| (Loss)/profit for the financial year                                                                        | <b>(3,783)</b>  | 29           |
| Adjustments for:                                                                                            |                 |              |
| Depreciation of tangible assets                                                                             | <b>3,667</b>    | 3,685        |
| Profit on sale of fixed asset disposals                                                                     | 14              | -            |
| Interest, and other finance charges on pension scheme                                                       | <b>472</b>      | 742          |
| Tax on (loss)/profit                                                                                        | <b>(521)</b>    | 10           |
| Difference between pension charge and cash contributions                                                    | 26              | <b>(150)</b> |
| Pension administration cost and GMP past service cost                                                       | <b>165</b>      | -            |
| Decrease in stocks                                                                                          | 15              | <b>466</b>   |
| Decrease in debtors                                                                                         | 16              | <b>6,567</b> |
| Increase/(decrease) in creditors                                                                            | 17              | <b>2,512</b> |
| Cash from operations                                                                                        | <b>9,395</b>    | 4,349        |
| Taxation received                                                                                           | <b>60</b>       | 439          |
| <b>Net cash generated from operating activities</b>                                                         | <b>9,455</b>    | 4,788        |
| <b>Cash flows from investing activities</b>                                                                 |                 |              |
| Payments to acquire tangible fixed assets                                                                   | 14              | <b>(720)</b> |
| Receipts from sales of tangible fixed assets                                                                | <b>28</b>       | 51           |
| Receipts/(payments) to acquire investments/deposits                                                         | <b>3</b>        | (3)          |
| <b>Net cash used in investing activities</b>                                                                | <b>(689)</b>    | (2,466)      |
| <b>Cash flows from financing activities</b>                                                                 |                 |              |
| Interest paid                                                                                               | <b>(422)</b>    | (514)        |
| Dividends paid                                                                                              | 12              | -            |
| <b>Net cash used in financing activities</b>                                                                | <b>(422)</b>    | (1,590)      |
| <b>Net increase in cash and cash equivalents</b>                                                            | <b>8,344</b>    | 732          |
| Cash and cash equivalents at 1 January                                                                      | <b>(7,911)</b>  | (8,643)      |
| <b>Cash and cash equivalents at 31 December</b>                                                             | <b>433</b>      | (7,911)      |
| <b>Cash and cash equivalents consist of:</b>                                                                |                 |              |
| Cash at bank and in hand                                                                                    | <b>435</b>      | 24           |
| Bank overdraft (included in bank overdraft and loans within creditors: amounts falling due within one year) | <b>(2)</b>      | (7,935)      |
| <b>Cash and cash equivalents</b>                                                                            | <b>433</b>      | (7,912)      |
| Bank loan                                                                                                   | <b>(10,000)</b> | (10,000)     |
| <b>Net debt</b>                                                                                             | <b>(9,567)</b>  | (17,912)     |
| <b>Reconciliation of net cash flow to movement in net debt</b>                                              |                 |              |
| Net debt at 1 January                                                                                       | <b>(17,911)</b> | (18,643)     |
| Increase in cash                                                                                            | <b>8,344</b>    | 732          |
| <b>Net debt at 31 December</b>                                                                              | <b>(9,567)</b>  | (17,911)     |

The notes form an integral part of the financial statements.

## Notes to the financial statements

### For the year ended 31 December 2020

#### 1 Company information

Adnams plc is a Public Limited Company incorporated in England. The registered office is Sole Bay Brewery, Southwold, Suffolk, IP18 6JW.

The principal activities of the company are brewing and distilling; wholesaling and retailing beer, wines, spirits and minerals; pub and hotel ownership and management.

#### 2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. There are no fair value adjustments other than in recognition of the net defined benefit pension deficit and in assessing the value of properties for impairment purposes.

##### Going concern

Adnams plc has prepared the 2020 financial statements on the going concern basis. The Board is confident that the company has sufficient liquidity to withstand periods of closure in certain parts of the business as the country emerges from the pandemic. The business has considerable property assets, and a proven track record in 2020 of managing its cash position very carefully. This, coupled with our strong relationship with Barclays, enabled the renegotiation of our facilities in late December 2020, rebalancing the mix of debt to match our operating needs more appropriately. At the year end, these amounted to £20 million, comprising an £8 million overdraft, a £5 million fixed rate loan and a £7 million revolving credit facility.

Forecasts for 2021 and beyond, together with scenario modelling and stress testing, were performed in order to inform management's conclusion that the company is a going concern, and these continue to be monitored and updated regularly, to give insight into how the business can perform in the times ahead. These included modelling a range of scenarios from full closure for several months to operating at reduced capacity for the remainder of the financial year. The directors recognise that there continues to be high levels of uncertainty surrounding future trading conditions and the performance of the wider economy, which cannot be fully mitigated by levels of optimism within our industry as the country emerges from the pandemic.

Under the downside forecast model prepared by management, the company forecast that it will breach its EBITDA banking covenant test as measurable at 31 December 2021, if it is not waived or revised. Management has calculated that, should forecast EBITDA drop by 16% from its base case projection, the company would breach its EBITDA covenant as calculated at 31 December 2021.

At the date of approving the financial statements, there remains potential for delays to the completion of Covid-19 vaccinations across the UK, and the potential of a third wave of infection. The proposed timescale for the re-opening of pubs and restaurants has been communicated by the UK government, however management recognises that there is uncertainty around the public's willingness to return to outdoor public spaces prior to the completion of the vaccination programme, as well as the inherent uncertainty caused by the weather in predicting outdoor booking numbers, even if pubs were to be able to open outdoors.

Management also notes that its base case scenario includes the utilisation in part of the agreed overdraft facility and that this facility is technically repayable on demand.

These two conditions create significant doubt that may impact on the company's ability to continue as a going concern and consequently, at the date of approving the financial statements, management has concluded that a material uncertainty exists in respect of the appropriateness of the going concern basis of accounting.

#### 3 Significant judgements and estimates

One notable area of judgement is the assessment of possible impairment of the fixed assets, especially properties, employed by Adnams. We use a threshold rate of return for these assets when assessing whether an impairment charge could be required. In recent years we have used a pre-tax rate of 7.5%. This year we revised the rate to 10.6%, a rate more broadly used for this type of analysis, and more relevant due to current operating conditions and the economic climate.

The cost of our closed defined benefit pension plan is determined using actuarial valuations. These valuations involve making assumptions, notably about discount rates and mortality rates. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the plan, such estimates are subject to significant uncertainty.

Our overall view is that whilst judgements and estimates need to be made in assessing provisions and asset values, had we made other assumptions within the range of likely outcomes, this would not have produced a materially different result.

## 4 Principal accounting policies

### Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life, as follows:

|                                           |                 |
|-------------------------------------------|-----------------|
| Freehold buildings                        | 2% pa           |
| Leasehold property                        |                 |
| – long lease                              | 2% pa           |
| – short lease                             | period of lease |
| Plant and equipment                       | 3% to 10% pa    |
| Fixtures and fittings                     | 15% pa          |
| Motor vehicles                            | 15% pa          |
| Enterprise Resource Planning (ERP) system | 10% pa          |
| Computer equipment                        | 25% pa          |

Fixed assets in the course of construction are not depreciated until they are brought into use.

### Impairment reviews

Asset values are reviewed for impairment should it appear that their value might not be recoverable. In assessing the potential impairment of assets or income generating units, the book value of properties is compared to the higher of the realisable value and the value in use. The value in use is determined by discounting the cash flows from the assets at a pre-tax rate of 10.6%. Any shortfall is recognised as an impairment loss. In recent years our policy has been to view each of our properties as being sufficiently distinctive to represent a separate income generating unit.

### Investments

Where Adnams makes an investment for trading purposes, then these are held at cost within trade debtors and written off to the profit and loss account over the life of the investment.

### Stocks

Following the change of system in 2019, stocks are held at standard cost, or net realisable value if lower. Cost of beer and spirits stocks includes relevant production costs and associated overheads. Net realisable value is based on estimated selling price less any further costs expected.

### Debtors

Short-term debtors are measured at transaction price, less any impairment.

### Creditors

Short-term creditors are measured at transaction price.

### Bank loans

Bank loans are measured at amortised cost.

### Leases

Total rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised as a reduction to the expense over the lease term on a straight line basis.

### Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities.

Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability, then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity when paid.

## Notes to the financial statements continued

### 4 Principal accounting policies continued

#### Taxation

Current tax is charged on the basis of the amount of tax payable or recoverable in respect of the taxable profit or loss for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

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

The deferred tax assets and liabilities all relate to the same legal entity and being due to or from the same tax authority are offset on the balance sheet.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on capital gains which have been rolled over into the acquisition of new fixed assets.

#### Turnover

Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch or delivery of the goods; or on provision of services. In the Brewing & Brands business, turnover is recognised on confirmation of delivery of beer or other physical goods. In the Retail business, stores and web and mail order turnover is recognised on despatch of goods, or physical shop transaction. In the Property business, managed properties recognise income following provision of accommodation services or provision of food or drinks. Rental income received from the tied estate properties is recognised in the period to which it relates. Turnover is measured at the fair value of the consideration receivable.

#### Other income

Due to the Covid-19 pandemic and the closure of businesses under UK Government legislation, the business utilised the Government support schemes: the furlough scheme whereby the Government contributed towards the wage costs of the business, local grants awarded by local authorities and the Eat Out to Help Out Scheme. The amounts received are reported under other income in the financial statements. The income is reported in the period that the relief relates to.

#### Employee benefits

##### Pension costs – defined benefit scheme

For the Adnams defined benefit scheme, assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company through reduced contributions or through refunds from the plan. As the scheme is closed to all accrual, there are no current service costs. Costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Additional information is included in note 26.

##### Pension costs – defined contribution schemes

In respect of the defined contribution pension schemes, the amounts charged to the profit and loss account are the contributions payable in the year.

##### Holiday pay

Holiday pay is accrued in line with our contractual obligations to employees.

#### Foreign currency translation

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange ruling at the date of transaction.

Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### Dividends

Dividends payable on ordinary shares are shown as a movement in reserves when paid. Dividends payable on preference shares are shown as an interest cost in accordance with the payment date attaching to those shares.



## 5a Turnover

Represents sales invoiced for goods and services delivered to customers (excluding VAT and net of discounts), rents, commissions and royalties. Turnover outside the United Kingdom during the year was £799,000 (2019: £1,103,000).

## 5b Other operating income

The business received Covid-19 government support in the financial year of: furlough scheme £2,751,000, local authority grant support of £337,000 and Eat Out to Help Out Scheme £108,000. A total of £3,196,000.

## 6 Operating expenses

|                                                                 | 2020<br>£000  | 2019<br>£000  |
|-----------------------------------------------------------------|---------------|---------------|
| Raw materials, consumables and duty                             | 32,037        | 45,065        |
| Change in stock of finished goods and work in progress          | 152           | 566           |
| Staff costs (note 9)                                            | 11,444        | 13,341        |
| Depreciation (note 14)                                          | 3,667         | 3,685         |
| (Profit)/loss on disposal of plant and vehicles                 | -             | (19)          |
| Auditor's remuneration - Audit of the company's annual accounts | 68            | 55            |
| - Audit-related assurance services                              | 3             | 3             |
| - Tax compliance services                                       | 6             | 6             |
| - Tax advisory (including R&D)                                  | 5             | 17            |
| Operating lease rentals                                         | 720           | 763           |
| Foreign exchange gain                                           | (160)         | (235)         |
| Other operating costs                                           | 9,657         | 10,783        |
|                                                                 | <b>57,599</b> | <b>74,030</b> |

## 7 Profit on disposal of assets

The profit on disposal of assets in 2019 results from the sale of properties.

## 8 Segmental analysis

|                                                         | Brewing &<br>Brands<br>2020<br>£000 | Pubs &<br>Hotels<br>2020<br>£000 | Retail<br>2020<br>£000 | Central<br>Operations<br>2020<br>£000 | Central<br>Manage-<br>ment<br>2020<br>£000 | Total<br>2020<br>£000 |
|---------------------------------------------------------|-------------------------------------|----------------------------------|------------------------|---------------------------------------|--------------------------------------------|-----------------------|
| <b>Total sales</b>                                      | <b>28,195</b>                       | <b>8,916</b>                     | <b>13,185</b>          | <b>359</b>                            | <b>6</b>                                   | <b>50,661</b>         |
| <b>Other income</b>                                     | <b>888</b>                          | <b>1,398</b>                     | <b>588</b>             | <b>198</b>                            | <b>124</b>                                 | <b>3,196</b>          |
| <b>Operating profit/(loss) before highlighted items</b> | <b>2,608</b>                        | <b>1,153</b>                     | <b>1,330</b>           | <b>(3,448)</b>                        | <b>(5,385)</b>                             | <b>(3,742)</b>        |
| Highlighted items - operating expenses                  | -                                   | -                                | -                      | -                                     | (90)                                       | (90)                  |
| <b>Operating profit/(loss)</b>                          | <b>2,608</b>                        | <b>1,153</b>                     | <b>1,330</b>           | <b>(3,448)</b>                        | <b>(5,475)</b>                             | <b>(3,832)</b>        |
| Interest payable                                        | -                                   | -                                | -                      | -                                     | (355)                                      | (355)                 |
| Other finance charge on pension scheme                  | -                                   | -                                | -                      | -                                     | (117)                                      | (117)                 |
| <b>Profit/(loss) before taxation</b>                    | <b>2,608</b>                        | <b>1,153</b>                     | <b>1,330</b>           | <b>(3,448)</b>                        | <b>(5,947)</b>                             | <b>(4,304)</b>        |
| <b>Depreciation</b>                                     | <b>403</b>                          | <b>969</b>                       | <b>164</b>             | <b>1,649</b>                          | <b>482</b>                                 | <b>3,667</b>          |

## Notes to the financial statements continued

### 8 Segmental analysis continued

|                                        | Brewing &<br>Brands<br>2019<br>£000 | Pubs &<br>Hotels<br>2019<br>£000 | Retail<br>2019<br>£000 | Central<br>Operations<br>2019<br>£000 | Central<br>Manage-<br>ment<br>2019<br>£000 | Total<br>2019<br>£000 |
|----------------------------------------|-------------------------------------|----------------------------------|------------------------|---------------------------------------|--------------------------------------------|-----------------------|
| <b>Total sales</b>                     | 45,469                              | 16,794                           | 11,783                 | 692                                   | 11                                         | 74,749                |
| <b>Operating profit/(loss)</b>         | 6,651                               | 3,278                            | 1,242                  | (5,028)                               | (5,424)                                    | 719                   |
| Profit on disposal of assets           | -                                   | 62                               | -                      | -                                     | -                                          | 62                    |
| Interest receivable                    | -                                   | -                                | -                      | -                                     | 1                                          | 1                     |
| Interest payable                       | -                                   | -                                | -                      | -                                     | (526)                                      | (526)                 |
| Other finance charge on pension scheme | -                                   | -                                | -                      | -                                     | (217)                                      | (217)                 |
| <b>Profit/(loss) before taxation</b>   | 6,651                               | 3,340                            | 1,242                  | (5,028)                               | (6,166)                                    | 39                    |
| <b>Depreciation</b>                    | 456                                 | 936                              | 181                    | 1,697                                 | 415                                        | 3,685                 |

The company's business segments are Adnams Brewing & Brands (Drinks), which comprises brewing and distribution of beer, spirits and other products, Adnams Pubs & Hotel Properties, which comprises tenanted pubs and managed inns, and Adnams Retail, which comprises shops together with the mail order and web businesses. Each of these operating segments is monitored and managed separately in accordance with the products and services provided and strategic decisions are made on the basis of segment operating results.

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

The measurement policies outlined with IFRS 8 "Operating Segments" are identical to those adopted by the company in these financial statements.

### 9 Directors and employees

| <b>Staff costs during the year were as follows:</b> | <b>2020<br/>£000</b> | 2019<br>£000 |
|-----------------------------------------------------|----------------------|--------------|
| Wages and salaries                                  | <b>10,183</b>        | 11,873       |
| Social security costs                               | <b>845</b>           | 1,011        |
| Other pension costs                                 | <b>416</b>           | 457          |
|                                                     | <b>11,444</b>        | 13,341       |

2020 includes the costs of staff who were furloughed in various months during the year. These monthly values are calculated using an average annual cost for each relevant staff member.

| <b>The average monthly number of persons employed by the company, including executive directors, was as follows:</b> | <b>2020<br/>Number</b> | 2019<br>Number |
|----------------------------------------------------------------------------------------------------------------------|------------------------|----------------|
| Trading                                                                                                              | <b>15</b>              | 16             |
| Customer services                                                                                                    | <b>95</b>              | 104            |
| Production                                                                                                           | <b>33</b>              | 34             |
| Shops                                                                                                                | <b>92</b>              | 101            |
| Managed properties                                                                                                   | <b>218</b>             | 231            |
| Corporate services                                                                                                   | <b>57</b>              | 70             |
|                                                                                                                      | <b>510</b>             | 556            |
| Total number of part-time workers included above:                                                                    | <b>173</b>             | 205            |

| <b>Directors' remuneration:</b> | <b>2020<br/>£000</b> | 2019<br>£000 |
|---------------------------------|----------------------|--------------|
| Fees                            | <b>109</b>           | 128          |
| Basic salaries                  | <b>626</b>           | 740          |
| Benefits                        | <b>6</b>             | 7            |
| Car and pension allowances      | <b>117</b>           | 131          |
|                                 | <b>858</b>           | 1,006        |

## 9 Directors and employees continued

|              | Salaries<br>and fees<br>£000 | Benefits<br>£000 | Car and<br>pension<br>allowances<br>£000 | 2020<br>£000 | 2019<br>£000 |
|--------------|------------------------------|------------------|------------------------------------------|--------------|--------------|
| J P A Adnams | 169                          | 1                | 31                                       | 201          | 238          |
| N J Dulieu   | 26                           | -                | -                                        | 26           | 31           |
| J E I Hanlon | 79                           | 1                | 10                                       | 90           | -            |
| M G H Heald  | 26                           | -                | 2                                        | 28           | 34           |
| K Hester     | 114                          | 2                | 25                                       | 141          | 166          |
| B F McIntyre | 30                           | -                | -                                        | 30           | 35           |
| S C Pugh     | 58                           | -                | 13                                       | 71           | 183          |
| S M Sharp    | 27                           | -                | -                                        | 27           | 31           |
| A C Wood     | 206                          | 2                | 36                                       | 244          | 288          |
|              | <b>735</b>                   | <b>6</b>         | <b>117</b>                               | <b>858</b>   | 1,006        |

As a result of regulations governing pension contributions, the company's contributions for J P A Adnams stopped in 2012 and those for A C Wood and S C Pugh in 2014 and an equivalent amount has been paid as a pension allowance which has been included within car and pension allowances above.

J P A Adnams, A C Wood and K Hester are members of the company's defined benefit pension scheme which closed to future accrual on 30 June 2005. The following disclosures are made in respect of that scheme:

|                                           | 2020<br>£000 | 2019<br>£000 |
|-------------------------------------------|--------------|--------------|
| <b>Accumulated total accrued pension:</b> |              |              |
| J P A Adnams                              | 101          | 98           |
| A C Wood                                  | 30           | 29           |
| K Hester                                  | 12           | 12           |

Accumulated total accrued pension normally represents scheme service to retirement, but for 31 December 2020 and 2019 this figure reflects the scheme closure in June 2005.

The transfer value of the highest paid director's accrued benefits in the defined benefit pension scheme amounted to £828,983 (2019: £719,208).

Contributions were paid to the Adnams defined contribution pension scheme in respect of K Hester, £14,000 (2019: £14,000), M G H Heald, £2,100 (2019: £3,000), and J Hanlon £3,600 (2019: nil).

The company has an approved Share Incentive Plan in which the executive directors participate; the scheme was reinstated in 2019 and no share allocation has been made in respect of 2020 and 2019.

There were no share option arrangements in place.

## 10 Interest payable and similar charges

|                                                                | 2020<br>£000 | 2019<br>£000 |
|----------------------------------------------------------------|--------------|--------------|
| Bank loans and overdraft                                       | 346          | 519          |
| Other                                                          | 7            | 5            |
| Preference share dividends paid: 3.85% cumulative £10 shares   | 1            | 1            |
| Preference share dividends paid: 4.9% non-cumulative £5 shares | 1            | 1            |
|                                                                | <b>355</b>   | 526          |

## Notes to the financial statements continued

**11 Tax on (loss)/profit**

|                                                                                       | <b>2020</b>  | 2019  |
|---------------------------------------------------------------------------------------|--------------|-------|
|                                                                                       | <b>£000</b>  | £000  |
| <b>The charge based on the (loss)/profit for the year comprises:</b>                  |              |       |
| UK corporation tax @ 31 December 2020 19.00% (2019: 19.00%)                           | -            | (160) |
| Tax under provided in prior years                                                     | <b>30</b>    | 33    |
| <b>Total current tax</b>                                                              | <b>30</b>    | (127) |
| <b>Deferred taxation (note 19)</b>                                                    |              |       |
| Origination and reversal of timing differences                                        | <b>(805)</b> | 156   |
| Effect of changes in tax rate on opening liability                                    | <b>255</b>   | -     |
| Pension cost relief in excess of pension cost charge including effect of rate changes | <b>(1)</b>   | 45    |
| Adjustment in respect of prior years                                                  | -            | (64)  |
| <b>Total deferred tax</b>                                                             | <b>(551)</b> | 137   |
| <b>Tax on (loss)/profit</b>                                                           | <b>(521)</b> | 10    |

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

|                                                                                                                       |                |      |
|-----------------------------------------------------------------------------------------------------------------------|----------------|------|
| (Loss)/profit on ordinary activities before tax                                                                       | <b>(4,304)</b> | 39   |
| (Loss)/profit on ordinary activities multiplied by average rate of corporation tax in the UK of 19.00% (2019: 19.00%) | <b>(841)</b>   | 7    |
| Disallowed expenses                                                                                                   | <b>68</b>      | 71   |
| Non-taxable income                                                                                                    | -              | (12) |
| FRS 17 of pension charge profit and loss movement                                                                     | <b>(6)</b>     | -    |
| Effect of changes in tax rate on opening liability                                                                    | <b>255</b>     | -    |
| Other tax differences                                                                                                 | <b>(27)</b>    | -    |
| Adjustment relating to prior years and rate change                                                                    | <b>30</b>      | (56) |
| <b>Tax on (loss)/profit on ordinary activities</b>                                                                    | <b>(521)</b>   | 10   |

The aggregate current and deferred tax credit relating to items that are recognised as items of other comprehensive income is £1,075,000 (2019: £255,000).

During 2019, the UK corporation tax rate was 19%. The Government has announced that corporation tax rates will not be reduced from their current 19%, the proposal was to reduce to 17%. Deferred tax had previously been calculated at 17%, the rate used at the balance sheet date was 19%; this generated an opening liability change of £255,000.

**12 Dividends**

|                                            | <b>2020</b> | 2019  |
|--------------------------------------------|-------------|-------|
|                                            | <b>£000</b> | £000  |
| <b>Equity dividends on ordinary shares</b> |             |       |
| Interim paid (nil) (2019: 3 October 78%)   | -           | 368   |
| Final paid (nil) (2019: 4 June 150%)       | -           | 708   |
|                                            | -           | 1,076 |

## 13 Earnings per share

|                               | 2020            | 2019 |
|-------------------------------|-----------------|------|
| Including property disposals: |                 |      |
| 'A' Ordinary shares           | <b>(206.8)p</b> | 1.5p |
| 'B' Ordinary shares           | <b>(827.2)p</b> | 6.1p |

Basic and diluted earnings per share for 'A' Ordinary shares are calculated by dividing the earnings available for 'A' Ordinary shareholders of (£1,538,562) (2019: £11,000) by the number of issued 25p 'A' Ordinary shares (note 20): 744,000 (2019: 744,000).

Basic and diluted earnings per share for 'B' Ordinary shares are calculated by dividing the earnings available for 'B' Ordinary shareholders of (£2,364,438) (2019: £18,000) by the number of issued £1 'B' Ordinary shares (note 20): 285,842 (2019: 285,842).

|                               |                 |        |
|-------------------------------|-----------------|--------|
| Excluding property disposals: |                 |        |
| 'A' Ordinary shares           | <b>(206.8)p</b> | (1.1)p |
| 'B' Ordinary shares           | <b>(827.2)p</b> | (4.5)p |

## 14 Tangible fixed assets

|                                           | Freehold and leasehold land and buildings<br>£000 | Other assets  | Total<br>£000 |
|-------------------------------------------|---------------------------------------------------|---------------|---------------|
| <b>Cost</b>                               |                                                   |               |               |
| At 1 January 2020                         | 32,528                                            | 46,758        | 79,286        |
| Additions                                 | 122                                               | 598           | 720           |
| Disposals                                 | -                                                 | (28)          | (28)          |
| <b>At 31 December 2020</b>                | <b>32,650</b>                                     | <b>47,328</b> | <b>79,978</b> |
| <b>Depreciation</b>                       |                                                   |               |               |
| At 1 January 2020                         | 9,818                                             | 25,677        | 35,495        |
| Provided in the year                      | 438                                               | 3,229         | 3,667         |
| Disposals                                 | -                                                 | -             | -             |
| <b>At 31 December 2020</b>                | <b>10,256</b>                                     | <b>28,906</b> | <b>39,162</b> |
| <b>Net book value at 31 December 2020</b> | <b>22,394</b>                                     | <b>18,422</b> | <b>40,816</b> |
| Net book value at 31 December 2019        | 22,710                                            | 21,081        | 43,791        |

At 31 December 2020, £99,000 (2019: £102,000) of assets were in the course of construction.

|                                                  | 2020<br>£000  | 2019<br>£000 |
|--------------------------------------------------|---------------|--------------|
| <b>The cost of land and buildings comprises:</b> |               |              |
| Freehold land                                    | <b>1,973</b>  | 1,973        |
| Freehold buildings                               | <b>29,868</b> | 29,746       |
| Long leasehold                                   | <b>705</b>    | 705          |
| Short leasehold                                  | <b>104</b>    | 104          |
|                                                  | <b>32,650</b> | 32,528       |

The company carried out an annual impairment review of its pub and shop assets, as explained in the accounting policy disclosed on page 37. Adnams properties are assessed every year to establish that their value is not overstated in our books of account. Each sales channel is assessed and each property is looked at individually. We assess the value in use and the estimated realisable value. If either of these exceed the book value, then no impairment is made. We look to achieve a 10.6% return to justify a property as having an adequate value in use. If the cash generated by the property runs at less than 10.6% of the book value, then an impairment is potentially due, depending upon the estimated market value and on whether there are reasons why the value in use may have been temporarily reduced. Using this methodology, no impairment charge was due in 2020 (2019: nil).

Other assets comprise of plant, equipment, fixture & fittings, motor vehicles, IT equipment and ERP system.

## Notes to the financial statements continued

### 15 Stocks

|                                     | <b>2020</b>  | 2019  |
|-------------------------------------|--------------|-------|
|                                     | <b>£000</b>  | £000  |
| Raw materials                       | <b>1,609</b> | 1,923 |
| Work in progress                    | <b>2,071</b> | 1,968 |
| Finished goods and goods for resale | <b>5,039</b> | 5,294 |
|                                     | <b>8,719</b> | 9,185 |

A charge for slow moving and obsolete stock of £16,000 (2019: £30,000) was recognised in profit and loss during the year. The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 16 Debtors

|                       | <b>2020</b>  | 2019  |
|-----------------------|--------------|-------|
|                       | <b>£000</b>  | £000  |
| Trade debtors         | <b>2,196</b> | 8,300 |
| Prepayments           | <b>742</b>   | 1,205 |
| Corporation tax asset | <b>111</b>   | 201   |
| Deferred tax asset    | <b>513</b>   | -     |
|                       | <b>3,562</b> | 9,706 |

Trade debtors includes amounts due after more than one year of £193,000 (2019: £22,000).

A provision for specific trade debts which are not considered recoverable of £157,000 (2019: £48,000) was recognised in profit and loss during the year.

### 17 Creditors: amounts falling due within one year

|                              | <b>2020</b>   | 2019   |
|------------------------------|---------------|--------|
|                              | <b>£000</b>   | £000   |
| Bank overdraft and loans     | <b>2</b>      | 7,935  |
| Trade creditors              | <b>5,903</b>  | 5,710  |
| Taxation and social security | <b>3,727</b>  | 1,870  |
| Accruals                     | <b>2,291</b>  | 1,896  |
|                              | <b>11,923</b> | 17,411 |

The bank overdraft and loans are secured by a debenture to Barclays Bank plc over the assets of the company and are repayable on 31 January 2023.

See note 27 for further details of the bank overdraft and loans.

### 18 Creditors: amounts falling due after more than one year

|                                                                 | <b>2020</b>   | 2019   |
|-----------------------------------------------------------------|---------------|--------|
|                                                                 | <b>£000</b>   | £000   |
| Tenants' deposits                                               | <b>153</b>    | 150    |
| Bank loans (repayable in less than 5 years)                     | <b>10,000</b> | 10,000 |
| 3.85% cumulative preference shares of £10 each (3,100 shares)   | <b>31</b>     | 31     |
| 4.9% non-cumulative preference shares of £5 each (3,100 shares) | <b>15</b>     | 15     |
|                                                                 | <b>10,199</b> | 10,196 |

The bank loans are secured by a debenture to Barclays Bank plc over the assets of the company and are repayable on 31 January 2023.

See note 20 for full details of the preference shares.

See note 27 for further details of the bank loans.

## 19 Deferred taxation

|                                                                                     | 2020<br>£000   | 2019<br>£000 |
|-------------------------------------------------------------------------------------|----------------|--------------|
| Accelerated capital allowances                                                      | 1,107          | 1,035        |
| Other timing differences                                                            | 183            | 187          |
| Trading losses                                                                      | (736)          | -            |
| Chargeable gains                                                                    | 1,062          | 945          |
| Deferred tax excluding that relating to pension liability                           | 1,616          | 2,167        |
| Deferred tax on pension scheme deficit (note 26)                                    | (2,129)        | (1,053)      |
| <b>Total deferred tax liability</b>                                                 | <b>(513)</b>   | 1,114        |
| <b>Movement in the provision</b>                                                    |                |              |
| At 1 January 2020                                                                   | 2,167          |              |
| Deferred tax charge to the profit and loss account (current year movement at 19%)   | (805)          |              |
| Adjustment arising from change in future tax rates                                  | 255            |              |
| Adjustment in respect of prior years                                                | (1)            |              |
| <b>At 31 December 2020</b>                                                          | <b>1,616</b>   |              |
| <b>Deferred tax asset relating to pension deficit</b>                               |                |              |
| At 1 January 2020                                                                   | (1,053)        |              |
| Rate change                                                                         | (125)          |              |
| Deferred tax credited in the profit and loss account (current year movement at 19%) | (1)            |              |
| Deferred tax charged in the statement of comprehensive income                       | (950)          |              |
| <b>At 31 December 2020</b>                                                          | <b>(2,129)</b> |              |

## 20 Called up share capital

|                                  | Authorised   |              | Allotted, called up and fully paid |              |
|----------------------------------|--------------|--------------|------------------------------------|--------------|
|                                  | 2020<br>£000 | 2019<br>£000 | 2020<br>£000                       | 2019<br>£000 |
| Ordinary shares                  |              |              |                                    |              |
| 'A' of 25p each (744,000 shares) | 186          | 186          | 186                                | 186          |
| 'B' of £1 each (285,842 shares)  | 288          | 288          | 286                                | 286          |
|                                  | <b>474</b>   | 474          | <b>472</b>                         | 472          |

Profits distributed by the company are applied first to the 3.85% cumulative preference shares, then to the 4.9% non-cumulative preference shares before distribution on the ordinary shares. The preference shares carry no votes at meetings, the ordinary shares have a single vote for each 'A' or 'B' share. On a winding up of the company, the surplus assets will be applied first to repay capital on the 3.85% cumulative preference shares, then capital plus any dividend arrears on the 4.9% non-cumulative preference shares; the remaining surplus is applied to the 'A' and 'B' ordinary shares in proportion to the amounts paid up. Preference shares are classed as financial liabilities and held within creditors falling due after more than one year; see note 18.

## 21 Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Share premium account - includes any premiums received on issue of share capital.

Profit and loss account - includes all current and prior period retained profits and losses.

## 22 Capital commitments

|                | 2020<br>£000 | 2019<br>£000 |
|----------------|--------------|--------------|
| Contracted for | 188          | 7            |

The amount for 2020 reflects capital commitments for the mill roller replacements £68,000 and whisky casks £120,000. The 2019 amount related to the de-alcoholisation plant within the brewery.

## Notes to the financial statements continued

### 23 Operating lease commitments

|                                | 2020<br>£000 | 2019<br>£000 |
|--------------------------------|--------------|--------------|
| Future minimum lease payments: |              |              |
| Within 1 year                  | 654          | 763          |
| In 1-5 years                   | 2,344        | 2,247        |
| In over 5 years                | 1,813        | 2,281        |
|                                | <b>4,811</b> | 5,921        |

### 24 Contingent liabilities

At the year end, Barclays Bank held a bond guarantee on behalf of Adnams plc with HMRC for £30,000 (2019: £30,000).

### 25 Transactions with related parties

|                             | 2020<br>£000 | 2019<br>£000 |
|-----------------------------|--------------|--------------|
| Dividends paid to directors | -            | 348          |

The key management of Adnams plc are considered to be the executive directors, the compensation for whom was £852,000 for the year (2019: £988,000) including employer's national insurance and pension contributions.

The directors are granted a discount of 25% on purchases from the company, in line with the discount given to all other employees.

During the year, the company made sales of £142,000 (2019: £244,000) and held a year end balance of £4,000 (2019: £28,000) to The Hotel Folk Ltd of which Mr A C Wood is a director. Mr A C Wood is also a director of Roys (Wroxham) Ltd where Adnams made sales of £84,000 (2019: £44,000) and held a year end balance of £2,000 (2019: £16,000), as well as purchases of £3,000 (2019: £4,000) and no outstanding balance at year end (2019: £nil). It should be noted that Roys (Wroxham) Ltd was not a related party until the current year.

Mr M G H Heald is a director of or connected with five companies that are customers of Adnams plc. The names of these companies, together with the sales/purchases made and the debtor/creditor balances outstanding at 31 December 2020 and 2019, are listed below. Transactions in each case were on arm's length terms and outstanding balances were not overdue.

1. The Hotel Folk Ltd: sales of £142,000 (2019: £244,000) and balance of £4,000 (2019: £28,000).
2. The Soho Theatre Bar Ltd: sales of £49,000 (2019: £211,000) and a balance of £nil (2019: £10,000) and paid for purchases of £23,000 (2019: £nil) with an outstanding balance of £nil (2019: £nil) at year end. Adnams has a three year sponsorship agreement with The Soho Theatre with effect from 1 September 2017 at a rate of £35,000 and an additional sponsorship of £15,000 was agreed in 2019 for one year.
3. Sagittarius Royaume-Uni Ltd: sales of £nil (2019: £35) and a balance of £nil (2019: £nil) and paid for purchases of £nil (2019: £nil).
4. Fishers Gin Ltd: sales of £18,000 (2019: £68,000) and a balance of £26,000 (2019: £42,000) and paid for purchases of £24,000 (2019: £4,000) and a balance of £nil (2019: £2,000).

Aside from being a director, Mr Heald is also the majority shareholder in the above companies, with the exception of Fishers Gin Ltd and The Soho Theatre Bar Ltd.

During the year, the company made sales of £6,000 (2019: £10,000), £2,000 (2019: £3,000) of which was outstanding at the year end, to Jarrold & Sons Ltd of which Ms B F McIntyre was a director until 31 December 2020.

During the year, the company made purchases totalling £900 (2019: £16,000), of which £nil (2019: £nil) was outstanding at year, from Royal Norfolk Agricultural Association of which N J Dulieu is a director. It should be noted that this was not the case until the current year.

The Employee Benefit Trust (EBT) held 8,886 Adnams plc 'A' shares at 31 December 2020 (2019: 8,827 'A' shares). During 2020, the EBT received no dividends (2019: £5,000).

There is no overall controlling party of Adnams plc.

### 26 Pension scheme

#### Defined benefit pension scheme

The assets of the defined benefit pension scheme are held separately from those of the company, being invested with a fund manager. The contributions are determined by a qualified actuary on the basis of triennial valuations using the defined accrued benefit method. The most recent triennial valuation was at 1 April 2019. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments.

It was assumed in 2019 that the investment returns both pre and post retirement would be 3.5% per annum.



## 26 Pension scheme continued

### Defined benefit pension scheme continued

The most recent actuarial valuation showed that the market value of the scheme's assets was £36,509,000 and that the actuarial value of these assets was sufficient to cover 100% of the benefits that had accrued to members.

The contributions of the company and employees have been at least equal to the rates recommended by the actuary.

Valuation of the scheme has been updated to 31 December 2020 by a qualified actuary.

| <b>Financial assumptions</b>                          | <b>2020</b>    | 2019    |
|-------------------------------------------------------|----------------|---------|
| Pensionable salary growth                             | N/A            | N/A     |
| Pension escalation in payment:                        |                |         |
| Benefits accrued prior to 6 April 1997                | <b>4.0% pa</b> | 4.0% pa |
| Benefits accrued after 6 April 1997 to 1 October 1999 | <b>4.1% pa</b> | 4.1% pa |
| Benefits accrued after 1 October 1999 to 5 April 2005 | <b>2.9% pa</b> | 2.9% pa |
| Benefits accrued after 5 April 2005                   | <b>2.3% pa</b> | 2.3% pa |
| Discount rate for liabilities                         | <b>1.2% pa</b> | 1.9% pa |
| Inflation assumption                                  | <b>3.0% pa</b> | 3.0% pa |
| Pension revaluation in deferment                      | <b>2.4% pa</b> | 2.0% pa |

### Demographic assumptions

| <b>Assumed life expectancy in years, on retirement at 65</b> | <b>2020</b> | 2019 |
|--------------------------------------------------------------|-------------|------|
| Retiring today:                                              |             |      |
| Males                                                        | <b>21.7</b> | 21.7 |
| Females                                                      | <b>23.5</b> | 23.4 |
| Retiring in 20 years:                                        |             |      |
| Males                                                        | <b>23.0</b> | 23.0 |
| Females                                                      | <b>25.0</b> | 24.9 |

| <b>Assets as a percentage of total plan assets</b> | <b>2020</b>   | Restated<br>2019 |
|----------------------------------------------------|---------------|------------------|
| UK equities                                        | <b>12.9%</b>  | 16.4%            |
| Overseas equities                                  | <b>22.8%</b>  | 26.6%            |
| Corporate bonds                                    | <b>16.7%</b>  | 12.2%            |
| Government bonds                                   | <b>26.8%</b>  | 25.3%            |
| Property                                           | <b>8.1%</b>   | 7.2%             |
| Cash                                               | <b>9.0%</b>   | 7.6%             |
| Qualifying insurance policies                      | <b>3.7%</b>   | 4.7%             |
| <b>Total assets</b>                                | <b>100.0%</b> | 100.0%           |

|                                                            | <b>Value at<br/>31 December<br/>2020<br/>£000</b> | Restated<br>value at<br>31 December<br>2019<br>£000 |
|------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|
| <b>The assets and liabilities in the scheme</b>            |                                                   |                                                     |
| Restated                                                   |                                                   |                                                     |
| Total market value of assets as previously reported        | <b>40,434</b>                                     | 38,388                                              |
| Qualifying insurance policies                              | -                                                 | 1,881                                               |
| Total market value of assets as restated                   | <b>40,434</b>                                     | 40,269                                              |
| Present value of scheme liabilities as previously reported | <b>(51,632)</b>                                   | (44,586)                                            |
| Liabilities covered by qualifying insurance policies       | -                                                 | (1,881)                                             |
| Present value of scheme liabilities as previously restated | <b>(51,632)</b>                                   | (46,467)                                            |
| Deficit in the scheme                                      | <b>(11,198)</b>                                   | (6,198)                                             |
| Related deferred tax                                       | <b>2,128</b>                                      | 1,053                                               |
| <b>Net pension liability</b>                               | <b>(9,070)</b>                                    | (5,145)                                             |
| <b>Actual return/(loss) on plan assets</b>                 | <b>1,839</b>                                      | 4,558                                               |

## Notes to the financial statements continued

## 26 Pension scheme continued

## Defined benefit pension scheme continued

|                                                                                      | 2020<br>£000  | Restated<br>2019<br>£000 |
|--------------------------------------------------------------------------------------|---------------|--------------------------|
| <b>Changes in the present value of the defined benefit obligation are as follows</b> |               |                          |
| Opening defined benefit obligation as previously reported                            | 46,467        | 42,383                   |
| Liabilities covered by qualifying insurance policies                                 | -             | 2,039                    |
| Opening defined benefit obligation as restated                                       | 46,467        | 44,422                   |
| Interest cost                                                                        | 836           | 1,172                    |
| Actuarial losses - change of basis                                                   | 5,935         | 2,610                    |
| Actuarial gains - experience                                                         | 53            | (510)                    |
| Benefits paid                                                                        | (1,368)       | (1,069)                  |
| Past service cost                                                                    | 90            | -                        |
| Changes in liabilities covered by qualifying insurance policies                      | (381)         | (158)                    |
| <b>Closing defined benefit obligation</b>                                            | <b>51,632</b> | 46,467                   |

|                                                                | 2020<br>£000  | Restated<br>2019<br>£000 |
|----------------------------------------------------------------|---------------|--------------------------|
| <b>Changes in the fair value of plan assets are as follows</b> |               |                          |
| Opening fair value of plan assets as previously reported       | 40,269        | 34,419                   |
| Qualifying insurance policies                                  | -             | 2,039                    |
| Opening fair value of plan assets as restated                  | 40,269        | 36,458                   |
| Interest income                                                | 719           | 955                      |
| Return on assets                                               | 1,120         | 3,603                    |
| Administrative expenses                                        | (75)          | -                        |
| Contributions by employer                                      | 150           | 480                      |
| Benefits paid                                                  | (1,368)       | (1,069)                  |
| Changes in qualifying insurance policies                       | (381)         | (158)                    |
| <b>Closing fair value of plan assets</b>                       | <b>40,434</b> | 40,269                   |

Pension annuities amounting to £1,881,000 in the prior year, which met the definition of qualifying insurance policies were not shown as plan assets in the pension note. This has been corrected by restating the prior year pension note. This has no impact on the pension liability and the equity.

The company expects to contribute £120,000 to the Adnams Pension Fund in the next accounting year. Contributions reduced from £40,000 per month to £10,000 per month from March 2020 following the results of the triennial valuation as at 1 April 2019.

|                                                                           | 2020<br>£000 | 2019<br>£000 |
|---------------------------------------------------------------------------|--------------|--------------|
| <b>Analysis of other finance charge recognised in the profit and loss</b> |              |              |
| Interest income                                                           | 719          | 955          |
| Interest cost                                                             | (836)        | (1,172)      |
| <b>Net interest cost</b>                                                  | <b>(117)</b> | (217)        |

|                                                                                | 2020<br>£000   | 2019<br>£000 |
|--------------------------------------------------------------------------------|----------------|--------------|
| <b>Analysis of the amount recognised in other comprehensive income</b>         |                |              |
| Return/(loss) on plan assets (excluding amounts included in net interest cost) | 1,120          | 3,603        |
| Experience gains/(losses) arising on the scheme liabilities                    | (53)           | 510          |
| Changes in assumptions underlying the present value of the scheme liabilities  | (5,935)        | (2,610)      |
| <b>Actuarial gain recognised in other comprehensive income</b>                 | <b>(4,868)</b> | 1,503        |

## Defined contribution pension schemes

The company also operates defined contribution pension schemes. The assets of these schemes are held separately from those of the company in independently administered funds. During the year, the company contributed £416,000 (2019: £457,000) to the schemes (note 9).

There was £61,000 of outstanding contributions payable at the year end (2019: £67,000).

## 27 Financial instruments

The company's principal financial instruments comprise a bank loan, cash and bank overdraft. The purpose of the financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations, which are valued at transaction price less any related provision.

|                                                  | <b>2020</b>   | 2019   |
|--------------------------------------------------|---------------|--------|
|                                                  | <b>£000</b>   | £000   |
| Financial assets measured at amortised cost      | <b>2,195</b>  | 8,300  |
| Financial liabilities measured at amortised cost | <b>18,394</b> | 25,738 |

Financial assets includes trade debtors.

Included in financial liabilities are bank loan and overdraft, trade creditors, accruals, tenants, deposits and preference shares.

### Borrowing facilities

At 31 December, new facilities were agreed with Barclays Bank comprising a fixed rate two year loan of £5 million, a revolving credit facility of £7 million and an overdraft of £8 million. At 31 December, the fixed rate two year loan was fully drawn, £5 million of the revolving credit facility was drawn, there was no draw down against the overdraft. Finance is also provided through preference shares, details of which are included in note 20.

### Interest rate profile

At 31 December 2020, a bank loan of £5,000,000 (2019: £5,000,000) bears interest at 2.25% (2019: 2.574%) and a further bank loan of £5,000,000 bears interest at 2.25% (2019: 2.260%).

At 31 December 2020, bank overdrafts of £1,859 (2019: £7,935,000) bear interest at 1.60% (2019: 1.750%) above Barclays Bank base rate which was 0.1% (2019: 0.75%).

### Credit risk

The company may offer credit terms to trade customers; whilst it has chosen not to insure its debts it seeks to manage credit risk by setting appropriate customer limits based on payment history and credit references. It reviews limits regularly and actively chases outstanding debts.

### Currency risk

The main currency risks of the company relate to the import of wines, the largest value of which is denominated in euros. Annual purchases of euros amount to about €2.3 million.

### Fair values of financial assets and liabilities

There is no difference between book value and fair value in respect of the cash, bank loan and bank overdraft.

## 28 Share Incentive Plan and Employee Benefit Trust

The company uses a tax-approved Share Incentive Plan (SIP) to allocate shares to employees, contingent upon company performance. The company did not issue shares for such schemes so arranges the purchase of shares through an Employee Benefit Trust. The Employee Benefit Trust buys shares as required during the year and passes them annually to the SIP, at a valuation approved by the tax authorities. The shares held by the SIP are not consolidated in the company's accounts as they are already allocated to employees. Shares held by the Employee Benefit Trust are not yet allocated.

The unallocated shares are small in number and accordingly the company does not consolidate the Employee Benefit Trust on grounds of materiality. 8,866 shares, all of which were Adnams plc 'A' shares, were held by the Employee Benefit Trust at 31 December 2020 (2019: 8,827 shares).

## Corporate governance

### Standards

The company is committed to high standards of corporate governance incorporating best practice.

### The workings of the Board and its committees

The Board comprises four Executive Directors and four Non-Executive Directors. The Board is responsible to shareholders for the proper management of the company. It meets monthly, setting and monitoring strategy, reviewing trading performance, ensuring adequate funding, examining acquisition possibilities, formulating policy on key issues and reporting to shareholders.

The Board has two standing subcommittees covering Audit and Remuneration. A Nominations Committee is convened as required.

The Audit Committee, chaired by BF McIntyre, meets not less than twice annually. The Committee provides a forum for the company's external auditors. The Finance Director attends meetings at the invitation of the Committee. The Committee is responsible for reviewing a wide range of financial matters, including the annual figures and reports and monitoring the controls which are in force in the company to ensure the integrity of the financial information reported to shareholders.

The Remuneration Committee is chaired by NJ Dulieu and meets twice annually. The Head of Human Resources attends at the invitation of the Committee.

Membership of the Audit and Remuneration Committees comprises the four Non-Executive Directors: NJ Dulieu, MGH Heald, BF McIntyre and SM Sharp (Senior Independent Director).

Membership of the Nominations Committee is agreed according to the circumstances of the nomination.

### Internal financial control

The Board acknowledges its responsibility for maintaining a system of internal control which can provide reasonable, albeit not absolute, assurance against mis-statement or loss.

To meet this responsibility, the Board relies upon:

- an organisation structure with clearly defined lines of authority and responsibility, limits for authorisation of transactions and segregation of duties;
- the production and review of regular monthly management information to agreed timescales;
- the identification of key performance indicators with explanations of variances;
- a formalised process for reviewing all company activities during the year;
- detailed annual operating budgets for all businesses; and
- formal authorisation procedures for all investment and capital expenditure.

The Audit Committee considers the system of internal financial control operated effectively during the year.

## Directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including Financial reporting Standard 102 'The Financial reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

By Order of the Board

**N J Hawkins**  
Secretary

14th April 2021

## Independent auditor's report

### To the members of Adnams plc

## Opinion

### Our opinion on the financial statements is unmodified

We have audited the financial statements of Adnams PLC (the 'company') for the year ended 31 December 2020, which comprise the Profit and Loss account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates the impact of the coronavirus pandemic on the business and the macro-economic uncertainty that exists in the hospitality sector. It also discloses the steps taken by management to forecast future trading and liquidity, namely modelling a range of scenarios from full closure for several months to operating at reduced capacity for the remainder of the financial year. Under downside forecast model prepared by management, the company forecasts that it will breach its EBITDA banking covenant as measurable at 31 December 2021, if it is not waived or revised. A reduction of 16% in forecast EBITDA from the base case model would also give rise to a breach. Management notes that the company expects to in part utilise an overdraft facility of £8 million, which is technically repayable on demand. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists

that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

## Our evaluation of management's assessment of the entity's ability to continue as a going concern

The existence of a material uncertainty relating to the going concern basis of accounting was assessed as a matter that was one of the most significant assessed risks of material misstatement due to the ongoing uncertainty arising from the recent COVID-19 pandemic and in particular on its ability to continue as a going concern for the foreseeable future. Consequently, there is significantly more judgement applied in developing cash flow forecasts and in determining compliance with loan covenants.

The company performed multiple assessments of its ability to continue as a going concern, which included a base case scenario, a downside scenario and a scenario that was considered by management to be the most likely outcome. The assumptions selected by management in preparing these assessments required the application of significant management judgement, in particular, in the estimation of the company's capacity to generate future cash flows to meet future covenants discussed further in note 2 to the financial statements.

This, in turn, required us to exercise significant auditor judgement when evaluating the assumptions used by management in preparing the scenarios and in concluding whether the scenario identified by management as the most likely outcome consistently incorporated the most likely assumptions and reflected the application of appropriate sensitivities. We also applied significant professional judgement in evaluating and concluding on the impact of the sensitivity analyses.

We performed the following audit procedures to evaluate management's assessment of the entity's ability to continue as a going concern:

- obtained management's base case forecasts covering the period to 30 June 2022 which included details of management's key assumptions and an assessment of the impact of COVID-19. We assessed how these forecasts were compiled and assessed the appropriateness of management's forecasts by performing the following procedures;
- evaluated the accuracy of management's historic forecasting by considering the reliability of past forecasts to recent historical financial information;
- evaluated the assumptions regarding the forecast period of full closure and reduced trading levels. We considered whether the assumptions are consistent with our understanding of the business obtained during the course of the audit;
- stress tested management's model to understand the level of sensitivity within the forecasts to reductions in EBITDA and liquidity;
- assessed the impact of mitigating factors available to management to restrict forecast cash outflows in management's base case and downside scenarios;

- tested the integrity of management’s model and the underlying data used to prepare the forecast scenarios and applied professional judgement to determine whether there was adequate support for the assumptions underlying the forecast;
- checked the terms of the company’s bank loan facility to ensure this supports the going concern assumption;
- reperformed covenant calculations to confirm accuracy of management’s calculations; and
- evaluated the adequacy of the company’s going concern disclosures for compliance with the requirements of United Kingdom Generally Accepted Accounting Practice.

### Our responsibilities

We are responsible for concluding on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

The responsibilities of the directors with respect to going concern are described in the ‘Responsibilities of directors for the financial statements’ section of this report.

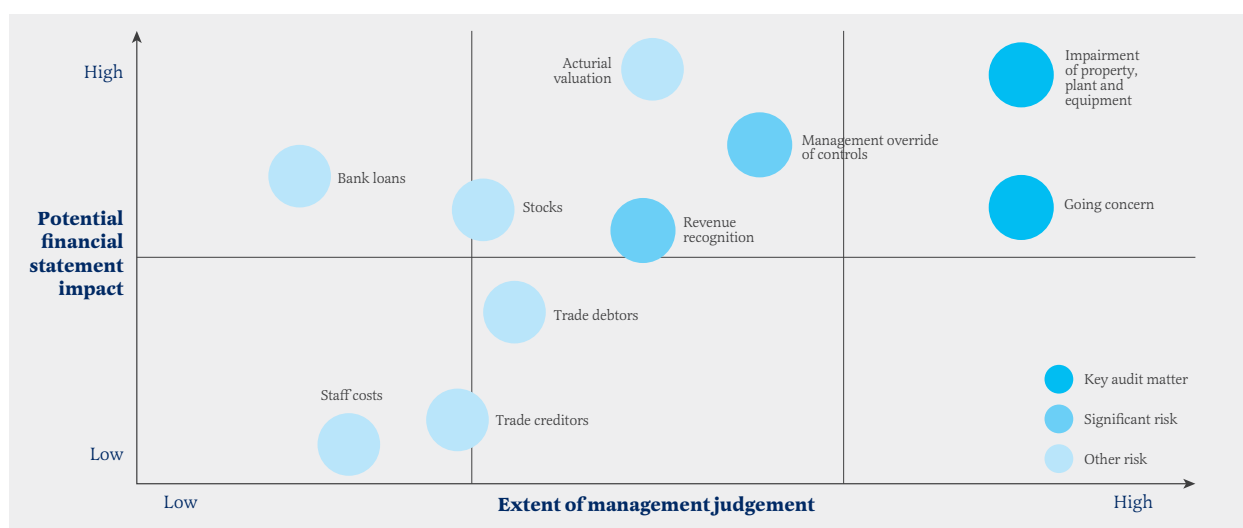
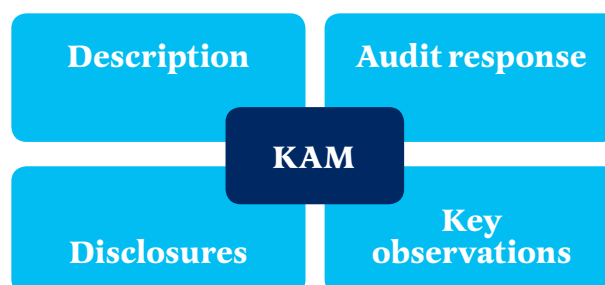
### Key audit matters

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. These matters included those that 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.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.

### Overview of our audit approach

- Overall materiality: £515,000 which approximates to 1% of the company’s revenue.
- The key audit matter identified is impairment of property, plant and equipment.
- Our audit approach was a risk based substantive audit incorporating testing the operating effectiveness of controls.
- The scope of the audit remained largely the same as in the prior year. The only change with regards to our audit approach from the prior year was the use of data analytics procedures to supplement our audit of significant revenue streams.



## Independent auditor's report continued

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

| <b>Key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>How our scope addressed the matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Impairment of property, plant and equipment</b><br/>We identified impairment of property, plant and equipment as one of the most significant assessed risks of material misstatement due to error.</p> <p>As at 31 December 2020, the company had £18.9m of property in respect of its managed inns and tied estate and £1.3m of property in respect of retail outlets. During the year the company recognised no impairment loss in respect of these properties.</p> <p>Financial Report Standard (FRS) 102 requires management to test assets for impairment where potential indicators for impairment have been identified.</p> <p>The assessment of impairment of the company's tangible fixed assets includes key assumptions that are subject to significant estimation uncertainty, such as forecast trading performance by property, growth rate and the discount rate applied.</p> | <p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>- considered management's assessment of the existence of any impairment indicators;</li> <li>- obtained an understanding of the design effectiveness of key controls relating to the impairment review process and determination of cash flow forecasts;</li> <li>- used internal experts to check the appropriateness of the discount rate and EV/EBITDA multiple used in the computation of the value in use;</li> <li>- obtained and checked the mechanical accuracy of management's impairment model;</li> <li>- agreed inputs to the model to source data;</li> <li>- assessed the appropriateness of the identification of cash generating units, as well as performing a completeness check of all cash generating units to ensure all relevant sites had been appropriately included in management's impairment assessment;</li> <li>- tested and challenged the assumptions underlying the cashflow forecasts used in the computation of the value in use;</li> <li>- we tested the accuracy of management's forecasting through a comparison of budget to actual data and historical data;</li> <li>- reconciled the net book values of the cash generating units to the fixed asset register;</li> <li>- assessed the assumptions in cash flow forecasts for consistency with the other knowledge of the business we had and going concern forecasts and performed sensitivity analysis on the assumptions used for CGUs with low headroom levels;</li> <li>- reviewed external valuations and supporting assumptions for two pubs with low headroom levels, in order to obtain additional assurance around their fair value less costs to sell;</li> <li>- obtained assurance over the professional expertise of the external valuer;</li> <li>- involved internal property valuation specialists in reviewing the valuer's assumptions and considering alternative bases of valuation; and</li> <li>- assessed whether disclosures made in the financial statement relating to impairments are in accordance with FRS 102 and are appropriate.</li> </ul> |
| <p><b>Relevant disclosures in the Annual Report and Accounts 2020</b><br/>Financial statements: Notes 3, 4</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p><b>Key results</b><br/>Based on our audit work, we have concluded that the methodology applied by management for impairment testing to be in accordance with the applicable financial reporting framework, and the underlying assumptions to be reasonable. We consider that the company's disclosures in notes 3 and 4 to be appropriate. We found no errors in the calculations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

### Our application of materiality

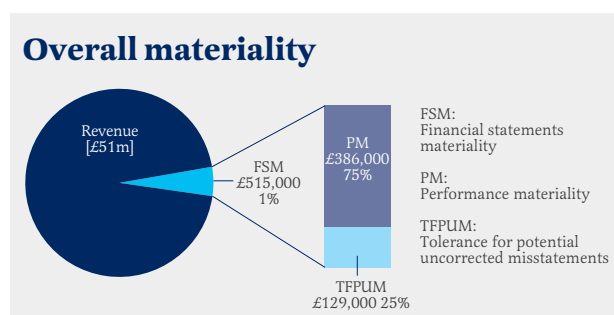
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.



Materiality was determined as follows:

| Materiality measure                                                               | Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Materiality for financial statements as a whole</b>                            | We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Materiality threshold                                                             | £515,000 which approximates to 1% of Revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Significant judgements made by auditor in determining the materiality             | In determining materiality, we made the following significant judgements: <ul style="list-style-type: none"> <li>- The selection of an appropriate benchmark; and</li> <li>- The selection of an appropriate percentage to apply to that benchmark.</li> </ul> <p>We selected revenue as the relevant benchmark because it is a key performance measure for the company and therefore of interest to stake-holders. The benchmark is considered the most appropriate due to the significant level of user focus on these figures in assessing the company's future prospects and in assessing the controllable aspect of the company's performance during the year.</p> <p>We determined 1% as an appropriate benchmark percentage which is a lower end threshold because the company's level of trade declined from prior year.</p> <p>Materiality for the current year is lower than the level that we determined for the year ended 31 December 2019 to reflect the decreased level of sales achieved in the current year as a result of the impact of Covid-19 on the business.</p> |
| <b>Performance materiality used to drive the extent of our testing</b>            | We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Performance materiality threshold                                                 | £386,000 which is 75% of financial statement materiality.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Significant judgements made by auditor in determining the performance materiality | In determining materiality, we consider a threshold of 75% to be appropriate due to the quantum and magnitude of previously identified and uncorrected misstatements in prior years' audits has been very low.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Specific materiality</b>                                                       | We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Specific materiality threshold                                                    | We determined a lower level of specific materiality for the following areas: <ul style="list-style-type: none"> <li>- Directors' remuneration; and</li> <li>- Related party transactions.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Communication of misstatements to the audit committee</b>                      | We determine a threshold for reporting unadjusted differences to the audit committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Threshold for communication                                                       | £26,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



## An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the company's business, its environment, risk profile, any changes in the business and other factors when determining the level of work to be performed. We performed a full scope audit based on the materiality assessed above. The audit work completed focused on the risk areas identified. The only change with regards to our audit approach from the prior year was the inclusion of data analytics procedures to supplement our audit of significant revenue streams.

## Independent auditor's report continued

### 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.

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

We have nothing to report in this regard.

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

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

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

### Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 51, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

### Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud include the following:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company. We concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to the Companies Act 2006 and taxation laws;
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee;

- We enquired of management and the audit committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. No matters relating to fraud were identified from our discussions;
- We made specific inquiries from key personnel outside the finance department to determine whether there were fraud risk factors arising from the company's day to day operations;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and through manipulation of accounting estimates. Audit procedures performed included:
  - identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
  - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
  - utilising a valuation specialist to perform an assessment of the discount rate and terminal growth rate used by management in its impairment review calculations;
  - challenging assumptions and judgements made by management in its significant accounting estimates; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- We completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements. These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity/regulated entity including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules, the applicable statutory provisions.
- We did not identify any matters relating to non-compliance with laws and regulations. We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. No matters relating to non-compliance with laws and regulations were determined as key audit matters; and
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
  - the applicable regulatory framework.

## Use of our report

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

### Timothy Taylor FCA

Senior Statutory Auditor

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

20th April 2021

## Contact information

### Adnams plc

#### Sole Bay Brewery

Southwold  
Suffolk  
IP18 6JW  
T: 01502 727200  
W: adnams.co.uk

### Hotels and Managed Inns

#### The Swan

Market Place  
Southwold  
Suffolk  
IP18 6EG  
T: 01502 722186

#### The Crown

High Street  
Southwold  
Suffolk  
IP18 6DP  
T: 01502 722275

#### The White Horse

4 High Street  
Blakeney  
Norfolk  
NR25 7AL  
T: 01263 740574

#### The Harbour Inn

Black Shore  
Southwold  
Suffolk  
IP18 6TA  
T: 01502 722381

#### The Bell Inn

Ferry Road  
Walberswick  
Suffolk  
IP18 6TN  
T: 01502 723109

#### The Plough

London Road  
Wangford  
Suffolk  
NR34 8AZ  
T: 01502 578239

#### The Five Bells Inn

Southwold Road  
South Cove  
Wrentham  
Suffolk  
NR34 7JD  
T: 01502 675249

#### The Cross Keys

Crabbe Street  
Aldeburgh  
Suffolk  
IP15 5BN  
T: 01728 452637

#### The Sole Bay Inn

7 East Green  
Southwold  
Suffolk  
IP18 6JT  
T: 01502 723736

#### The Lord Nelson

East Street  
Southwold  
Suffolk  
IP18 6EJ  
T: 01502 722079

### Adnams Stores

#### Southwold

4 Drayman Square  
Southwold  
Suffolk  
IP18 6GB  
T: 01502 725612

#### Woodbridge

Quay Point  
Station Road  
Woodbridge  
Suffolk  
IP12 4AU  
T: 01394 386594

#### Aldeburgh

179b High Street  
Aldeburgh  
Suffolk  
IP15 5AN  
T: 01728 454520

#### Hadleigh

73/75 High Street  
Hadleigh  
Suffolk  
IP7 5DY  
T: 01473 827796

#### Norwich

109 Unthank Road  
Norwich  
Norfolk  
NR2 2PE  
T: 01603 613243

#### Norwich

11-13 Westlegate  
Norwich  
Norfolk  
NR1 3LT  
T: 01603 666759

#### Holt

8 White Lion Street  
Holt  
Norfolk  
NR25 6BA  
T: 01263 715558

#### Holkham

The Old School House  
Park Road  
Holkham  
Wells-next-the-Sea  
Norfolk  
NR23 1RG  
T: 01328 711714

#### Harleston

23 The Thoroughfare  
Harleston  
Norfolk  
IP20 9AS  
T: 01379 854788

#### Stamford

Bath Row Warehouse  
St Mary's Passage  
Stamford  
Lincolnshire  
PE9 2HG  
T: 01780 753127

#### Saffron Walden

Old Auction Rooms  
1 Market Street  
Saffron Walden  
Essex  
CB10 1HZ  
T: 01799 527281

#### Bury St Edmunds

43A Cornhill  
Bury St Edmunds  
Suffolk  
IP33 1DX  
T: 01284 705746

### Company Registrars

Link Asset Services  
34 Beckenham Road  
Beckenham  
BR3 4TU  
T: 0871 664 0300

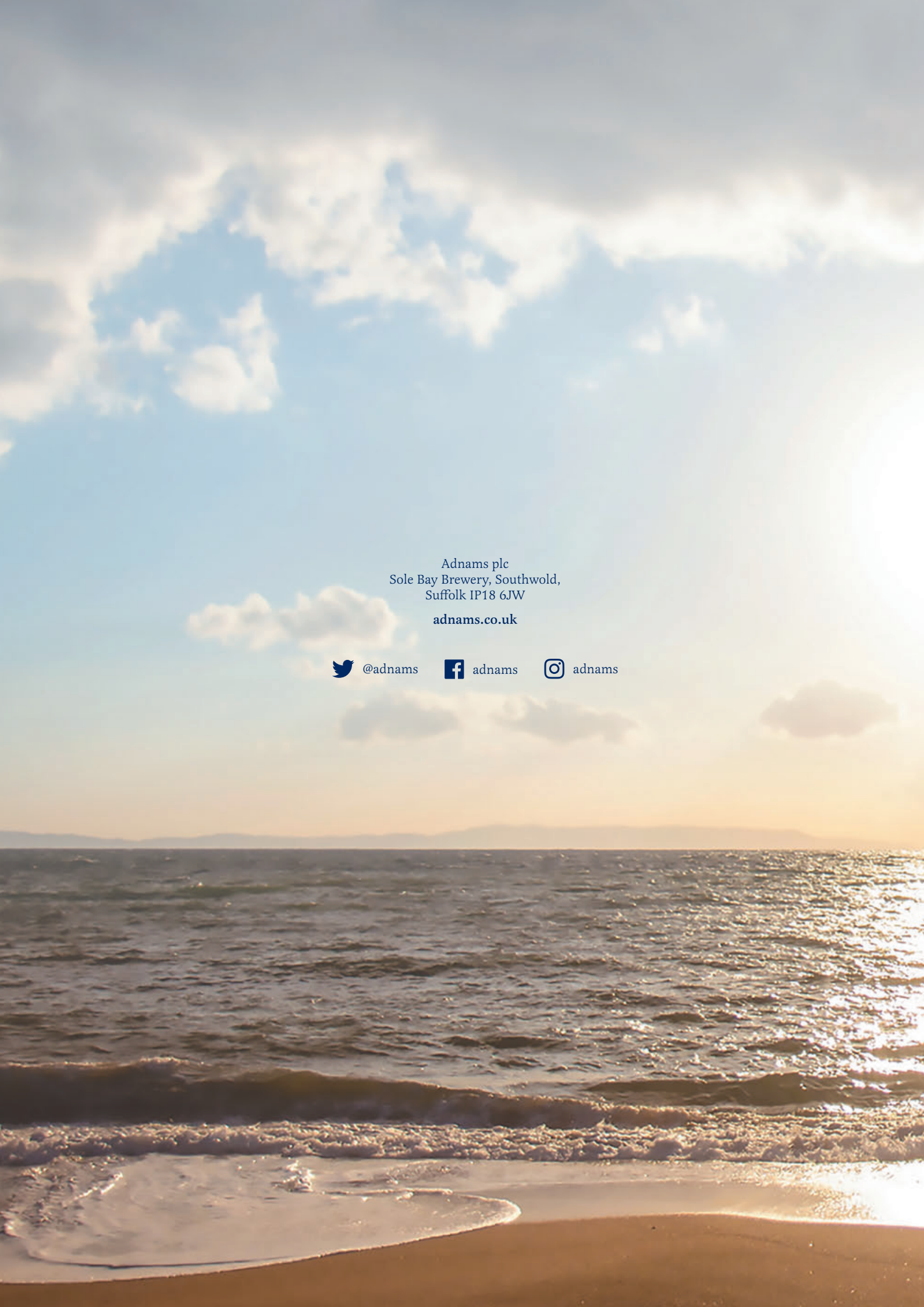
Designed and produced by **Friend**.

[www.friendstudio.com](http://www.friendstudio.com)

Print: Pureprint Group



This report has been printed on Edixion Challenger Offset which is FSC® certified and made from 100% Elemental Chlorine Free (ECF) pulp. The mill and the printer are both certified to ISO 14001 environmental management system. The report was printed using vegetable-based inks by a CarbonNeutral® printer.



Adnams plc  
Sole Bay Brewery, Southwold,  
Suffolk IP18 6JW  
[adnams.co.uk](http://adnams.co.uk)



@adnams



adnams



adnams