



Smoking ban hits JD Wetherspoon Free 251224

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The smoking ban and slow consumer spending have sent pub group JD Wetherspoon's adjusted pre-tax profits down 11% in the year to July.

Pre-tax profits for the year ended 27 July 2008 were £55m, despite sales up 2.1% to £907.5m, buoyed by food sales.

Like-for-like food sales jumped 7.9% in the year, but bar sales slid 4.3% in the first full year of trading since the smoking ban.

Supermarket competition and rising costs have all weakened pubs' business.

Another poor British summer has also exacerbated problems in the difficult market.

Food for booze

The smoking ban, which was introduced on 1 July last year, has meant that bar sales have declined while food sales have become more popular.

Food now makes up about 29% of its business, compared with 17% 10 years ago.

Drinks ordered with food make up another third of Wetherspoon's business.

Wetherspoon's also said increased taxation had a big impact on its trading, even more so than energy bills.

"In the current financial year, we continue to estimate that increases in excise duty on alcoholic drinks, minimum wage-related costs and increased statutory entitlements will amount to £16m," said a company statement.

Furthermore, chairman and founder Tim Martin said he expected more increases in food, energy, labour and energy costs this year.

Mr Martin said a like-for-like sales increase of 3% was needed to offset these costs.

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