



Wetherspoon warns on red tape Free 251224

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Pubs group JD Wetherspoon warned increasing red tape and taxes are hitting the pub industry as it announced a rise in profits.

Pre-tax profits for the year to July rose 5% to £56.1m (\$89.76m).

The group added current trade in August was positive, with like-for-like sales up 3.5%.

But, chairman Tim Martin warned regulatory and employee costs were likely to hit the group in future.

Red tape

Mr Martin said: "Whereas we continue to see opportunities for profitable expansion, the uncertainty created by increased red tape and taxation means that it is prudent to reduce the rate of that expansion."

He claimed pubs face higher fees now that the UK government has handed responsibility for licences to local authorities – an area magistrates used to handle.

Mr Martin added pubs currently pay approximately 40% of their turnover in taxes of one kind or another, but warned further increases in this burden will mean that pubs become less competitive and more expensive.

As a result the pub opened just 45 pubs during the year, down from 87 a year earlier, taking the groups total to 638.

But the firm added that the new sites had opened with sales levels that are encouraging for the future.

A further seven sites are under construction.

The company added that operating profit for the year rose 7% to £75m, with like-for-like sales up 4.1% for the year.

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