

The Brewing Week

August 1st - 19th September 2011

Wetherspoons turnover tops the Billion Pound mark

Wetherspoons results for the 52 weeks to 24th July have revealed that turnover topped the one billion pound mark for the first time with an increase of 7.6% over 2010. The company has warned that trading conditions are unlikely to improve next year. The company reported a 5.9% fall in adjusted profits to £66.8m for the 12 months to 24th July.

Mitchells & Butlers turn down takeover bid by largest shareholder

Mitchells & Butlers have turned down a bid by its largest shareholder, Joe Lewis's Piedmont Group because it seriously undervalues the company. He has bid 224p later raised to 230p but the Board Directors who are not connected with Piedmont (they have two directors on the board) have suggested Mr Lewis will need to raise his bid by 20% to stand a chance of buying the rest of the shares.

M&B which has turned over more than 30 directors in the last three years including several chairman and chief executives, has been in conflict with Mr Lewis ever since he acquired his stake in 2008 from Robert Tchenguiz.

Another major shareholder waiting in the wings is the pairing of Irish horse racing owners John Magnier and J P McManus who own 20.1% of the shares. There are rumours, not confirmed, that they might collaborate but the Take Over Panel has dismissed any claim of acting in concert.

M&B shares are currently trading at 260p a share.

Enterprise Inns exits the Footsie 250.

How the mighty have fallen. Enterprise Inns, once a member of the FTSE (Financial Times Stock Exchange) 100 has now been relegated from the FTSE 250 to the third division - the FTSE Small Cap index.

The share price of Enterprise has fallen from 770 in 2007 to around 35p in early 2009. There was a bounce back to 182p in May 2009 since when the share price has slid backwards again.

Enterprise became a member of the UK's top 100 quoted companies in 2004 when it entered the FTSE 100.

Sweden considers cutting VAT on pub and restaurant services

The Swedish Government is said to be considering following France and Ireland's lead and introducing a reduced rate of VAT on restaurant and catering services. The Government has proposed cutting VAT from 25% to 12%.

Meanwhile in Ireland, where the VAT rate for the tourist industry including restaurants was cut from 13.5% to 9%, a survey of restaurants has shown that over 90% have passed on the cut to customers.

The UK could be softening its stance on a reduction of VAT for the hospitality sector.

In answer to a question from Labour MP Anne McGuire Exchequer Secretary to the Treasury David Gauke said " We will of course keep all taxes under review, but we have to bear in mind the state of the public finances, our limited room for manoeuvre and concerns about adding complexity to our VAT system. None the less, we will look at these arguments." Gauke said he had had meetings with industry representatives and they had made their case for a VAT cut.

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