



11 June 2020

B&M European Value Retail S.A.

Preliminary Results Announcement

Solid growth and robust trading despite the challenges from Covid-19

B&M European Value Retail S.A. (“the Group”), the UK’s leading variety goods value retailer, today announces its Preliminary Results for the 52 weeks to 28 March 2020.

HIGHLIGHTS

- Group revenues¹ increased by 16.5% to £3,813.4m (FY19: £3,272.6)
- UK B&M³ store fascia revenue¹ growth of 12.6%, including Like-for-Like revenue⁴ growth of 3.3% for the year, including 6.6% in the fourth quarter
- Group profit before tax increased by 3.2% to £252.0m for the 52 week period (FY19: £244.3m), diluted earnings per share 19.5p (FY19:19.5p)
- UK B&M store fascia³ Adjusted EBITDA^{1&5} growth of 8.7% to £319.8m (FY19: £294.1m)
- Progress made in France with 19 Babou stores out of a total estate of 101 stores, now trading as “B&M” but the controlled testing of the performance of the converted stores was subsequently interrupted by the 8 week Covid-19 closure period from 15 March to 11 May 2020
- Cash generated from operations of £532.6m for the 52 week period (2019: £423.0m), year-end net debt⁶ of £347.5m before the payment of the £150.1m special dividend in April 2020 following the sale and leaseback of the Bedford Distribution Centre, and with net debt⁶ to EBITDA of 1.02 x (FY19: 1.91x)
- Recommended final dividend⁷ increased to 5.4p per share (FY19: 4.9p) to be paid on 28 September 2020, bringing full year ordinary dividend to 8.1p per share being an increase of 6.6%
- 36 net new B&M UK fascia stores opened in the period (51 gross) and a further 30 net new store openings planned for FY21. The rate of new openings for FY21 is impacted by disruption from Covid-19, but our overall long term target of at least 950 B&M stores in the UK remains unchanged
- The trading since the year-end has been strong
- Since the year end, the UK business delivered £1 million in cash donations to Foodbanks and gave £2.9 million of discounts to NHS workers. Store and distribution colleagues received 110% of normal pay to reflect their increased responsibilities and workload

Simon Arora, Chief Executive, said,

“In this last financial year our core B&M UK business delivered solid growth, as did our Heron Foods convenience store business. However, so much about our lives has changed so profoundly and so fast as a result of Covid-19 that a financial year which ended only a short

time ago already seems a world away. It is an understatement to say that the progress made during the year has been overtaken by recent events. The challenges posed by the virus have been beyond anything we have experienced before; they have tested every aspect of the way we do business in recent weeks and I'm pleased to say that B&M is coming through the crisis well because of the strength of the B&M proposition and the way our team has responded to those challenges. For that, I express my gratitude to all of my colleagues across the business.

Looking ahead, there are of course many uncertainties for the economy, consumers and not least for the retail industry. We will all be living with the consequences of the virus and the public health responses to it for a long time to come. I am however confident though that B&M with its modern network of mostly out-of-town stores, well-invested infrastructure and value-led variety offer is well positioned to support the communities in which we trade for whatever lies ahead. The health and safety of our colleagues and customers will remain a priority.”

Financial Results

	FY 2020	FY 2019	Change
Total Group Revenues			
B&M	3,140.1	2,789.4	12.6%
Heron	389.9	354.1	10.1%
Babou	283.4	129.1	119.4%
Total	3,813.4	3,272.6	16.5%
Number of Stores			
Group	1,050	997	5.3%
B&M	656	620	5.8%
Heron Foods	293	281	4.3%
Babou	101	96	5.2%
Adjusted EBITDA ⁵	342.3	319.6	7.1%
B&M	319.8	294.1	8.7%
Heron Foods	25.5	19.9	28.2%
Babou	(3.0)	5.6	-153.8%
Adjusted EBITDA % ⁵	9.0%	9.8%	-79 bps

Profit Before Tax	252.0	244.3	3.2%
EPS	19.5	19.5	0.0%
Adjusted Profit Before Tax ⁵	260.0	252.4	3.0%
Adjusted Diluted EPS ⁵	20.3	20.2	0.5%
Ordinary Dividends ⁷	8.1p	7.6p	6.6%

¹ The figures presented in this announcement are for the 52 week period ended 28 March 2020 for the continuing operations of the Group following the sale of Jawoll prior to the year-end date. The figures for the previous year 52 week period ended 30 March 2019 exclude Jawoll to provide a comparable basis with those for the continuing operations at as 28 March 2020.

² Constant currency comparison involves restating the prior year Euro revenues using the same exchange rate as that used to translate the current year Euro revenues.

³ References in this announcement to the B&M business, includes the B&M fascia stores in the UK except for the 'B&M Express' fascia stores. References in this announcement to the Heron Foods business, includes both the Heron Foods fascia and B&M Express fascia convenience stores in the UK.

⁴ Like-for-like revenues relate to the B&M estate only and include each store's revenue for that part of the current period that falls at least 14 months after it opened; compared with its revenue for the corresponding part of the previous period. This 14 month approach has been used as it excludes the two month halo period which new stores experience following opening.

⁵ The Directors consider adjusted figures to be more reflective of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance. Further details can be found in note 3. Adjusting items are the effects of derivatives, one off refinancing fees, foreign exchange on the translation of intercompany balances and the effects of revaluing or unwinding balances related to the acquisition of subsidiaries. Significant project costs or gains or losses arising from unusual circumstances or transactions may also be included if incurred, such as this year with the gain on the sale and leaseback of the Bedford warehouse and the direct loss incurred at Babou due to the closure of their stores during the pandemic. The Babou stores closed under the French Covid-19 restrictions from 15 March 2020 until 11 May 2020. Babou incurred an EBITDA loss of £2.946m in the part of the period when they were closed to 28 March 2020. A stock provision of £6.369m has also been made relating to losses we are likely to incur to discount seasonal stock not sold during the closed period to sell it through in the rest of the Spring and Summer season. They have both been included as adjusting items as they arose as a result of the Covid-19 restrictions.

⁶ Net Debt comprises interest bearing loans and borrowings, overdrafts, cash/cash equivalents and finance leases excluding capitalised fees. See notes 21, 23 and 24 for more details.

⁷ Dividends are stated as gross amounts before deduction of Luxembourg withholding tax which is currently 15%.

⁸ Net capital expenditure includes the purchase of property, plant and equipment, intangible assets and proceeds of sale of any of those items.

Analyst & Investors Webcast and Conference Call

An Analyst & Investors only webcast and conference call in relation to the final results will be held on Thursday 11 June 2020 at 08:30 am (UK):

The conference call can be accessed live via a dial-in facility on:

UK & International: +44 (0) 800 408 7373

US: +1 800 939 0944

Room number: 596070

Participant Pin: 2969

A simultaneous audio webcast of the presentation slides will be on the B&M corporate website at www.bandmretail.com

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This announcement contains statements which are or may be deemed to be 'forward-looking statements'. Forward-looking statements involve risks and uncertainties because they relate to events and depend on events or circumstances that may or may not occur in the future. All forward-looking statements in this announcement reflect the Company's present view with respect to future events as at the date of this announcement. Forward-looking statements are not guarantees of future performance and actual results in future periods may and often do differ materially from those expressed in forward-looking statements. Except where required by law or the Listing Rules of the UK Listing Authority, the Company undertakes no obligation to release publicly the results of any revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect any events or circumstances arising after the date of this announcement.

Notes to editors

B&M European Value Retail S.A. is a variety retailer with 656 stores in the UK operating under the "B&M" brand, 293 stores under the "Heron Foods" and "B&M Express" brands, and 101 stores in France operating under the "Babou" and B&M brand as at 28 March 2020. It was admitted to the FTSE 250 index in June 2015.

The B&M Group was founded in 1978 and listed on the London Stock Exchange in June 2014. For more information please visit www.bmstores.co.uk

Chief Executive's Review

Covid-19

So much has changed and is changing in many aspects of everyone's lives as we come to terms with the impact of Covid-19. It seems strange to be reviewing a period that ended only in March 2020 but which already seems a long time ago. The impacts of the virus on individuals, communities, our industry and the wider economy are today still unknown but clearly very significant and potentially long lasting.

The progress of the business in this last year has inevitably been overtaken by events. While business moves on quickly, the challenges posed by this new threat have been of a whole new order and scale. Much of our focus and effort was switched in the recent period leading up to the year-end to the immediate operational challenges of how we deal with the new

realities of serving our customers safely, protecting and supporting our colleagues and on managing our supply chain both in the UK and in China.

I am very proud of the way the whole B&M team has risen to those challenges. Normally in my annual updates, I express my thanks to our colleagues at the end with gratitude for another year in which their hard work was again decisive in our continued success. The team once again delivered in FY20, but this year is different because of the experience of recent weeks. Thanking my team and all our colleagues for everything they have done on behalf of customers and shareholders is my most important task this year. Covid-19 is different from anything any of us has encountered before, and as a retailer of essential goods, during the crisis keeping our shelves continually re-stocked and serving customers efficiently and safely during periods of high demand were critically important. The whole team deserves our thanks and praise for their efforts.

The crisis and how we have reacted to it also speaks to the strength and resilience of the B&M model. At its heart is the fact we are a variety goods retailer, backed by a fully invested infrastructure and robust supply chain. The unique breadth of our product range delivers balance and resilience to overall financial performance from year to year and allows us to absorb downturns in any one specific product category. The business also has been able to respond quickly to the changing needs of our customers, particularly during the restrictions imposed by the pandemic crisis in our store and supply chain operations. Our 656 B&M UK stores are conveniently located, easy to shop safely and they have demonstrated they are now destinations in their own right. They are increasingly in high quality locations and are not dependent on shopping malls or anchor department stores to generate footfall. When the strain of meeting high and fluctuating demand, particularly for everyday essentials was at its most intense, B&M was well-positioned and able to react quickly. At our warehouses we re-deployed labour and re-prioritised the picking of products experiencing the highest demand at stores to keep them replenished and serving customers daily with what they needed.

Our business quickly implemented social distancing measures across its stores and distribution centres. We deployed masks, disposable gloves, hand sanitiser and social distancing marshalling across the network. Our store, warehouse and transport colleagues faced increased workloads and responsibilities with the implementation of social distancing, whilst the business was experiencing high levels of absence due to sickness or self-isolating. To recognise this additional burden, we increased the pay of store and distribution colleagues by 10% over the peak of the crisis.

To play our part in the collective national effort to respond to the pandemic, we quickly implemented two successful initiatives. We made a total £1 million cash donation at speed to Foodbanks across the UK using our store network. We granted priority access to NHS workers for the first hour of each trading day and we have provided £2.9 million in discounts to NHS workers in a 2 month period.

We should also not forget that as a discounter, our appeal is strengthened when large sections of the population are worried about their personal finances or are having to live within constrained household budgets.

This is important, not just because we were able to do our bit in the crisis, but because I believe it demonstrates the flexibility of our model to adapt very quickly to meet the evolving needs of customers. The lasting effects of Covid-19 on our industry may result in the further acceleration of the already profound structural changes affecting retailing. Positioning the business to address two of the most powerful strategic trends in retail, being discount and convenience shopping, will, in my view, continue to deliver plenty of growth opportunity for B&M into the long term.

Financial Performance

The core B&M UK business had a good year, tempered in part by the weak performance of our Christmas and Toy categories during the third quarter which was also impacted by disappointing footfall affecting most UK retailers at the time of election and Brexit uncertainty. We have taken steps to learn from the year's Christmas trading period as we plan our space allocation and sales budgets for the 2020 Golden Quarter. Our final quarter saw a strong return in trading performance with pleasing like-for-like ("LFL") sales of 6.6%, attributable to a surge in grocery sales in late March.

The performance of new stores exceeded our expectations and demonstrated our continued ability to deliver profitable organic growth. A robust gross margin, combined with diligent control of costs, resulted in a good overall outcome in terms of profit growth and cash generation.

Heron Foods continued to perform well throughout the year and also benefitted from the exceptionally high demand in March. Its emphasis on local convenience retailing and value for money put it in good stead to serve shoppers' needs throughout the coronavirus crisis.

Until the disruption caused by Covid-19, our repositioning of Babou and the development of B&M in France was making good progress. A large proportion of Babou's product range had moved to the Group's supply chain in China. The business had successfully reduced its reliance on Clothing while increasing its ambient grocery and FMCG ranges to drive frequency of visit and average transaction values. In the final quarter of FY20, we rebranded 13 stores from Babou to B&M and were encouraged by initial customer reaction. We ended the financial year with 19 stores in France trading as B&M out of the store estate of 101 stores. However, the lockdown imposed on the business from 15 March 2020, which was lifted on 11 May 2020, has delayed our ability to continue the development of the B&M proposition.

Our Babou stores are focused on short term trading priorities and the delivery of social distancing measures for the remainder of the Summer 2020. It would not be sensible for us to disrupt 2020 Golden Quarter trading with store remodelling and rebranding to B&M. We expect to resume the rebranding of Babou to the B&M brand in France in early 2021, subject to the controlled testing of the performance of the pilot group of 19 stores converted to B&M format stores so far.

Recent and Current Trading

Our priority since the year-end in our UK businesses has been the safety of our colleagues and customers. The teams have worked quickly and tirelessly to deliver social distancing guidelines at our stores, which were permitted to stay open due to the majority of our sales falling within the Government's essential categories of Food, Drink, Personal & Household Care, Petcare as well as DIY and Hardware.

Our ability to react quickly and implement new ways of working safely have underpinned our unusually strong trading performance in the period since the year-end. This has been boosted by the very favourable hot weather and the acceleration of demand in DIY, much of which will be a pull-forward of trade from later in the season. All our stores are currently trading and we do not have any employees on furlough under the Government's scheme, other than colleagues in receipt of the "shielding letter" for those extremely vulnerable to the virus. We have not taken any loans under the UK Government's lending schemes, nor are we currently paying VAT or any other taxes on a delayed basis. However, the pandemic has brought significant increases in cost of working both at a store level and in distribution. Due to the general uncertainty over future consumer behaviour and the duration of restrictions, it is currently particularly difficult to predict what the remainder of the year may be like.

We have seen very strong early LFL sales in the UK businesses since the year-end of 22.7% to 23 May 2020. Excluding Gardening and DIY categories, the LFL sales performance for that period was 10.3%. We have also incurred increased costs of trading (excluding the benefit of

the business rates holiday) from the social distancing measures implemented in our stores and warehouses since the onset of the Covid-19 crisis. Together with closure period losses in Babou, these costs partially offset the additional revenue from the recent surge in Gardening and DIY sales.

In France we had to temporarily close all of our 101 stores under the French Government restrictions for a period of 8 weeks from 15 March 2020. Since the stores re-opened on 11 May 2020 we have seen an initial strong sales performance with LFL sales of 81.8% in the period to 23 May 2020, with the French consumer having been able to access stores for the first time since the 8 week closure period.

Strategic Development

Although maintaining a strong focus on dealing with the challenges posed by Covid-19 has been vitally important, we have not lost sight of the need to drive our strategy for growth forward, both before and since the crisis. From a strategic standpoint the execution of our UK expansion strategy has continued to go well. Inevitably there are also consequences of the Covid-19 crisis and its aftermath for the implementation of our UK strategy in the near term. For example, the slowdown in the construction sectors in the UK will result in some delay in our new store opening programme. We have not taken a decision to deliberately slow that programme but it will take some months for building and shop-fitting contractors to catch up time lost during lockdown periods. This applies not only to our own shop-fitting works but also further upstream where works are required to be carried out by the property owner prior to handover to us. In France the transformation of the Babou business we acquired in 2018 to a model similar to B&M and testing of a pilot group of 19 stores converted to the B&M format is underway, although progress has been delayed due to the disruption from Covid-19.

The completion of the sale of our Jawoll business in Germany just before the financial year end, to a private equity led buyer consortium, was the culmination of a strategic review process which began in late 2019. The comprehensive review we undertook included an evaluation of the likely potential for the Group to create value from the business in Germany going forward under our ownership and weighing that against the continued disappointing performance of the business driven by persistent recruitment, trading and operational issues. The carrying value of the brand, goodwill and of property, plant and equipment on underperforming stores, had already been impaired by us at the half year-end of the Group in September 2019. The Group also cancelled and wrote off €36.1m of loans and intra-group debt owed to it by the German business as part of the terms of the sale. The review concluded that the path to restoring profitability, the creation of a business model capable of delivering acceptable financial returns and the potential for long term growth was likely to entail further substantial investment with an uncertain outcome. As a result, the decision was taken to find a buyer for the business where it could be repositioned back to a clearance outlet model under other ownership. This was in the best interests of the Group and the other stakeholders of the Jawoll business, notably its colleagues. Clearly the experience in Germany was beset with difficulties, but the lessons learned have informed our approach in France so that the execution of our strategy avoids the issues we encountered in Germany.

The B&M Group's strategy for driving sustainable growth in revenues, earnings and free cash flow has the following four key elements. Details of our progress in relation to those during the year were as follows:

1. Delivering great value to our customers

B&M is all about delivering great value across a variety of product categories, with the range of items within each product line being limited to best sellers. The offer is focused on the things customers buy regularly for their homes and families. There is always something a household needs that can be bought quickly, cheaply and conveniently at B&M, whether it is a light bulb, a new kettle, a jar of coffee or a tube of toothpaste. Combined with a constant stream of typically c.100 new lines each week, this is why our customers (which averaged about 4.8m a week) choose to keep coming back to our stores

so regularly. With 656 stores across the UK B&M has become a routine part of customers' shopping habits wherever we trade. In the week immediately prior to the Covid-19 lockdown crisis our stores served 6.6m customers, with some of them also likely being new to B&M. Our stores are generally in locations with easy access by car or other independent means of travel, as opposed to being dependant on city public transport links with the social distancing risks associated with those networks.

Our competitiveness and our profitability are driven by relentless discipline around keeping costs low, buying large volumes per product line directly from factories rather than through intermediaries, and stocking only a limited assortment of the best-selling items. Low costs help us deliver low prices but B&M is not just about seeking cheap products. Our focus is on selling quality products, including many leading brands at discounted prices. Some people need a bargain but many people also enjoy one, and that's why B&M's appeal continues to broaden.

The majority of our product categories saw strong overall total sales growth this year helped by the new store programme, resulting in continued market share gains. On a comparable basis, it was a similarly strong picture. Our Homewares categories saw excellent year on year growth, in part rebounding from a weaker performance in the prior year. Following a complete range review and reset in the prior year all stores have been fully re-merchandised in Homewares and we have been delighted with the improved design, ranging, co-ordination and presentation of these ranges. This includes areas across home textiles, bedding and home adornment. The customer response to these changes has been excellent, and as a result we have extended some of the themed styles to this year's outdoor leisure and furniture ranges. Homewares remains an opportunity area for the business and we will be allocating more space to those products when the disruptive impact of Covid-19 subsides.

Seasonal goods are a significant element of B&M's appeal in general merchandise. Around 20% of the space in a typical store is fully re-merchandised through the seasons. These are also areas where our pricing can be at its most disruptive. Garden and Outdoor Leisure enjoyed a pleasing 2019 season, despite very demanding comparables from the prior year's heatwaves. By contrast, the Christmas selling season was disappointing, partly driven by the weakness in the toy market but we believe also by the unhelpful timing of the UK's General Election in early December and the intense media coverage of potential Brexit impacts to the economy. Although margins remained robust through the season, like-for-like sales in the Autumn/Winter seasonal categories were lower than expected.

Grocery categories achieved strong growth. For most of the year their outperformance of the business as a whole was modest, but sales accelerated during the final weeks of the year driven by customer anxiety over the potential impact of Covid-19. Customers buying tinned and packaged food, cleaning and laundry products, soft drinks, paper goods and pet care products drove very strong growth in the last few weeks of the year. Because of the long life nature of what we sell, as well as our low prices and high levels of buffer stock, B&M proved to be a very efficient way for many customers, including those new to B&M, to stock-up and at consistently great value prices.

2. Investing in new stores

We have a long growth runway in the UK, with the potential to open at least 950 B&M fascia stores across the country from our current base of 656, both in heartland areas and in areas where we have few or even no stores. This excludes Heron Foods, our discount convenience business which, with its smaller existing geographic footprint, strong returns profile and small store model, has the potential itself to become multiple times larger than its present 293 store count. With B&M new store performance continuing to be very strong and the flow of attractive profitable opportunities looking healthy, the target of at least 950 B&M stores in the UK is increasingly looking like a conservative estimate.

We opened 51 new B&M fascia stores during the year, with 8 of those being replacement stores where larger and more profitable store opportunities have become available to move our business elsewhere in a town. There were a further 7 closures, largely the consequence of older, early generation stores coming to the end of leases and where the locations were not attractive enough to renew or in fact a larger replacement store had been opened in prior years. In the year there were therefore 36 net new B&M store openings. The current year's opening programme is, or would have been, equally strong had the unhelpful impact of Covid-19 on the construction industry not intervened. Currently, we expect a reduced programme to that in FY20, with 30 net new openings in FY21 and being more heavily weighted to the second half of the financial year. The forward pipeline for FY22 is similarly impacted but it is possible that the fallout across the retail industry from the impact of the virus may provide further attractive opportunities that we have not yet factored into our budgets.

Heron Foods had another strong year, benefitting from its appealing positioning as a value convenience retailer. Profit performance was particularly pleasing, helped by improvements to labour scheduling and also distribution efficiencies. Like our B&M main fascia stores, Heron Foods performed strongly during the final few weeks of the financial year, as customers altered their shopping habits towards stocking-up. Heron Foods' neighbourhood locations and predominantly frozen and packaged food offer was, and is, very appropriate to its customers' needs. Heron Foods opened a total of 18 new stores during the year, bringing the total to 293. We are expecting to open about 15 new Heron Foods stores in FY21, but that is subject to any impacts of disruption to building fit-out works from Covid-19. As with the B&M UK fascia the openings will be weighted to the second half of FY21.

In France, we opened 5 new stores, most of them having been committed to prior to our ownership of the business. All of them were opened under the B&M fascia and with layouts and merchandising akin to our UK stores, albeit with a category emphasis reflecting the differing needs of the Babou customer. Babou operated a total of 101 Babou and B&M fascia stores at the year end.

3. Developing our international business

Until the imposition of the lockdown period in France linked to Covid-19, which kept the stores fully closed for 8 weeks, the business was making good progress moving towards the B&M model with the re-setting and re-formatting of a number of pilot stores in the estate. Most of the category changes we envisaged, including switching to products sourced from the B&M supply chain, were also well advanced. We had made progress in reducing Babou's exposure to the Clothing category and we had begun to introduce more Food, Grocery and FMCG products. Babou's supply chain had proven itself up to the task of managing large volumes of containerised inbound product, having navigated the peak stock intake last Autumn smoothly and successfully. We now have 19 B&M pilot re-formatted stores trading in France, most of them converted in early 2020 from existing Babou stores, combined with the 5 new stores openings. In the early weeks of trading prior to the Covid-19 closure restrictions coming into force, the B&M stores were trading encouragingly above their trading levels as Babou, but it is as yet unclear how much of this improved performance was not just the 'halo effect' of a new store opening.

Inevitably, a lengthy period of store closure during the lockdown period in France has been unhelpful and has set back our plans for the business to some extent. Our priority since the lifting of the lockdown has been to trade the stores and sell through inventory. Before the further development of the B&M fascia, we need a more settled period of time first to test the results of the 19 stores converted as a pilot group so far.

4. Investing in our people and infrastructure

Our new c.1 million square feet Southern distribution centre at Bedford was completed and fitted-out during the financial year. It is our largest single distribution centre building. Commissioning of the facility was successfully achieved before and during the Covid-19

crisis and it is now supplying almost one-third of the B&M store estate. Having the additional logistics capacity in place during the Covid-19 surge in demand for particular categories was particularly useful, but it is fair to say that the lockdown restrictions are imposing higher costs and inefficiencies across our network. We expect the new centre to provide sufficient capacity for our expansion plans for the foreseeable future including enough to meet our 950 UK store target.

At store level, we had planned by the time of this report going to print to have rolled-out our digital technology Workforce Management System. That was unfortunately delayed by the on-set of Covid-19 in view of the priority rightly given to the implementation of new safety measures rather than the roll-out of training on a new system. We have successfully piloted it and the technology is ready to go live across the estate as soon as it's practical to do so.

During the financial year we recruited Allison Green as the Group People Director. Allison is re-joining the business after having been with B&M previously until 2016 and then having worked in the hospitality sector. We are delighted that she has re-joined the management team at B&M, having made a significant contribution during her previous tenure with the business.

In France we welcomed Gilles de Frémicourt who we appointed during the year as the Distribution Director to the Babou business, with the distribution function having been fully integrated into the Babou business in place of the separately managed distribution workforce service arrangement that was in place prior to the acquisition. We also appointed Anthony Giron as President of Babou on 11 May 2020, in order to strengthen the senior management team in line with our high ambitions for the business. Anthony has previously launched and rolled out the Hema retail business in France, and his experience is a good fit with the opportunities ahead of us to grow B&M in France.

Corporate Social Responsibility

We are very proud as a Group to serve customers across the UK in many different communities and localities through our B&M and Heron Food stores. Our presence in communities gives customers access locally to the everyday products they need and at bargain prices. Our new store opening programmes extend the reach of our value proposition to new communities and customers, create new local jobs and help in our own way to revitalise areas where other retailers have in many cases retrenched. We strive in all the areas where we operate to be a good corporate citizen and to make a difference, whether that's through the great prices we offer in stores to our customers or through career opportunities and development paths for our colleagues. Some of the points I would like to highlight this year are:

- the creation by the Group this year of over 2,200 new jobs in the UK, mainly through our store expansion programmes;
- the development and training of our own talent through our Step-Up Programme promoting 125 colleagues to B&M Deputy and Store Manager positions;
- our recycling of high levels of supply chain waste, with 99.8% of the Group's trade packaging waste being recycled;
- proudly supporting for the fourth year the "Mission Christmas" charity appeal through sponsorship, with stores participating as collection points for presents donated for underprivileged or poorly children for the appeal;
- in response to the Covid-19 virus and the impacts to some of the most vulnerable in society, we donated £1,500 per B&M store to local Foodbanks totalling £1m nationally; and
- extending £2.9 million of discounts to all National Health Service workers during the peak of the crisis.

Outlook

For many retailers the outlook in the Covid-19 world is more about survival than it is about the shape of the year ahead and beyond. B&M has significant advantages. The 'variety retailing' model with its core strength in everyday essentials, a well-invested infrastructure, strong value credentials, a modern and convenient store network with continuing growth opportunities in the UK and France, mean that the business is better positioned and more resilient than most to deal with the new realities.

We welcome the UK Government's business rates holiday which we see as essential to support the viability of the UK retail industry and the incremental operating costs of serving customers in the present circumstances. We hope this will be a precursor to the much needed reform of the UK business rates system. The benefit of the business rates holiday for B&M will fall in our financial year ending March 2021 and is likely to be fully offset by Covid-19 related costs, dependent on the progression of the virus and, in particular, the nature and duration of social distancing requirements.

Our strong trading performance in the B&M UK stores in the initial 8 weeks of the new financial year was boosted in particular by our Gardening and DIY categories as announced on 29 May. Much of that outperformance is likely to have been a pull-forward of sales which would ordinarily be achieved later in the first half of the financial year. LFL customer count was -28.9% whilst LFL Average Transaction Value was +72.5% over the initial 8 weeks. Whilst trading has continued to be strong in more recent weeks, the growth rate is unlikely to be sustained as Gardening ranges have sold through and stock in some other categories is now lower than normal for this time of year.

The pandemic has delayed construction work on new stores and consequently there has been a slowdown to our store opening programme for this financial year. For FY21 we now expect to have 30 net new B&M UK store openings and the programme could be reduced to a similar number in FY22 dependent on the progress of the virus and social distancing requirements. Our overall long term target of at least 950 B&M stores in the UK remains unchanged.

There are greater than usual uncertainties during the remainder of the year. The economic environment and its impact on customers is difficult to predict. In addition to the impact of social distancing on operating costs, should this continue during the winter months, it is likely to reduce footfall due to the reluctance of customers to queue outside during less pleasant weather, and detract from our ability to serve customers in their usual numbers during the peak trading season.

Against this uncertain backdrop B&M, as noted above, is in a strong position to continue to grow profitably in the UK, and work continues to develop and prove the proposition in France.

Simon Arora

Chief Executive Officer

11 June 2020

Financial Review

Accounting period

The FY20 accounting period represents the 52 weeks trading to 28 March 2020 and the comparative financial period represents the 52 week period for the B&M UK segment to 30 March 2019. This is the first time that the Financial Statements have therefore been prepared following the introduction of IFRS16. The comparative figures in this report have been restated for IFRS16 as we have adopted the fully retrospective approach. Additional details in relation to this can be found in notes 17 and 18. We have continued to report underlying figures where

we believe they are relevant to understanding the performance of the Group and these underlying figures referred to are presented pre the impact of IFRS16.

As a result of the disposal of our German business, Jawoll, in March 2020, the results of Jawoll are treated under IFRS5 as a discontinued operation within the statement of consolidated income and the comparative figures have also been restated to reflect this.

Financial performance

Group

The Group revenue in FY20 was £3,813.4m (FY19: £3,272.6m), this represents an increase of 16.5% and on a constant currency basis, a 16.6% increase².

The overall adjusted gross margin⁵ was 33.8% (FY19: 34.1%). The adjusted operating costs⁵ of the Group, excluding depreciation and amortisation, grew by 18.3% to £946.9m (including new store pre-opening costs) and depreciation and amortisation expenses (excluding adjusting items) grew by 28.2% to £57.7m, reflecting the increased number of stores as a result of the new store opening programme and the additional costs relating to the non-comparable period of Babou following the acquisition in October 2018.

We report an adjusted EBITDA⁵ to allow investors to understand better the underlying performance of the business. The items that we have adjusted are detailed in note 4, they totalled £(40.7)m in FY20 (FY19: £(5.5)m).

Overall Group adjusted EBITDA² increased by 7.1% to £342.3m.

B&M UK

In the UK, B&M revenues increased by 12.6% to £3,140.1m, driven by an increase in like-for-like revenues of 3.3% and the new store opening programme, including both the annualisation of revenues from the 44 net new store openings in FY19 and the 36 net new store openings in FY20, and an additional £16.3m from wholesale revenue.

There were 51 gross new store openings in the year and 15 closures with 8 of the closures being relocations. We have continued to see attractive returns on investment on the FY20 new store openings and they delivered £157.9m of revenues in the year. We have also continued to take advantage of relocation opportunities. These are typically small first generation B&M stores that are replaced by modern, larger stores that allow customers access to the full product range, and these opportunities continue to be earnings enhancing.

Revenues in the like-for-like store estate grew by 3.3% (FY19:0.7%). The like-for-like performance was enhanced by a two week period of exceptional demand in March 2020 as the UK consumer purchased essential products ahead of the Coronavirus lockdown in the UK. Excluding these two weeks, the like-for-like would have been 1.7%. During the year we have seen a continuation of the strong performance on grocery/FMCG ranges as consumers structurally continue to seek out value and we have also seen an improved performance on our homeware ranges following the changes that were made to the ranges, against the backdrop of a disappointing performance in FY19.

In the B&M UK business the margin reduced by 63 basis points, this comprises 12 basis points as a result of the levels of demand in March 2020 on the lower margin grocery and FMCG sales and the increase in the wholesale revenues.

In the B&M UK business, operating costs, excluding depreciation and adjusting costs, grew by 11.3% to £734.4m, while costs as a percentage of revenues decreased by 27 basis points to 23.4%. Within the year the business has managed to largely absorb the impact of the living wage through efficiency savings, although there have been inflationary cost pressures on transport and distribution costs, as well as the additional operating costs arising from the opening of our new warehouse in Bedford.

In the B&M UK business, adjusted EBITDA⁵ increased by 8.7% to £319.8m (FY19: £294.1m) and the adjusted EBITDA⁵ margin decreased by 36bps to 10.2%.

Heron Foods

Revenues at our convenience food store business, Heron Foods grew to £389.9m (FY19: £354.1m). The business has continued to deliver a strong sales performance following the strong like-for-like performance that was delivered in FY19. The business also benefited from an exceptional level of demand in March 2020 ahead of the Coronavirus lockdown.

The business has continued to manage its cost base despite the headwinds of inflationary cost increases on store wages and operating costs as a percentage of revenues decreased by 82bps to 25.0% (FY19: 25.9%). The EBITDA⁵ was £25.5m, which compares to £19.9m for FY19 and the EBITDA margin improved by 93bps to 6.6%.

Babou

Babou's revenues grew to €324.2m, (FY19: €146.5m), an increase of 121.3%, of which €162.2m related to the non-comparable period of ownership. Within the year the business opened 5 new stores. Trading in the business was impacted by the lockdown in France with all stores closed from 11 March 2020, as a result of the French government's response to the Coronavirus outbreak.

The business had been progressing with its transformation and moving the product offer to that of the B&M UK stores. However, the store closures following the lockdown period in France resulted in a negative EBITDA of £3.0m during the lockdown period and an additional net realisable value provision of £6.4m has been made on stock, mainly clothing that will require additional markdowns to be sold, both of these items have been excluded from the adjusted EBITDA.

The adjusted EBITDA was £(3.0)m and this compares to £5.6m in FY19.

Jawoll

Following the disposal of the Group's entire 80% shareholding in Jawoll to a private equity-led consortium in March 2020, the results of Jawoll are shown with discontinued operations.

The Group received an initial consideration of €2.5m and there is a further €10.0m to be received no later than December 2020. This element of the consideration is subject to the ongoing trading of Jawoll. This was in consideration for a €5.6m intragroup trading account and a €43.0m loan provided by the Group. The loss from discontinued operations was £113.9m, reflecting a loss on writing-off loan balances, trading losses in the year and impairment of assets.

Financing

The net interest charge in the year was £81.7m (FY19: £75.2m) representing an increase of 8.6%

The interest charge includes £57.2m for the finance costs relating to the lease liabilities under the IFRS16 accounting treatment following the introduction of the new standard lease interest, (FY19: £52.0m). Bank, high yield bond and interest receivable was £22.7m (FY19: £20.3m) and amortised fees of £2.1m (FY19: £1.9m).

The increase in the cash interest charge largely reflected the additional funding required for the build of the new warehouse at Bedford prior to the sale and leaseback transaction which was completed on 6 March 2020.

Profit before tax

The statutory profit before tax was £252.0m, which compares to £244.3m in FY19. We also report an adjusted profit before tax to allow investors to understand better the operating performance of the business (see note 4). The adjusted profit before tax⁵ was £260.0m (FY19: £252.4m) which reflected a 3.0% increase.

Taxation

The tax charge in the year was £57.2m (£49.2m in FY19) and we expect the tax rate going forward to reflect the mix of the impact of the tax rates in the countries in which we operate being 19% in the UK and 30% in France, with an effective rate of 19.5% in FY21.

As a Group we are committed to paying the right tax in the territories in which we operate. In the UK the total tax paid was £275.6m. This is mostly those taxes which are ultimately borne by the company amounting to £182.8m which includes corporation tax, customs duties, business rates, employer's national insurance contributions and stamp duty and land taxes. The balance of £92.8m are taxes we collect from customers and employees on behalf of the UK Exchequer which includes Value Added Tax, Pay As You Earn and employee national insurance contributions.

Profit after tax and earnings per share

The profit after tax was £80.9m compared to £191.1m in FY19 and the fully diluted earnings per share was 9.0p (FY19: 19.5p).

On an adjusted profit after tax basis⁵, which we consider to be a better measure of performance due to the reasons outlined above, it was £203.0m which was a 0.2% increase over last year (FY19: £202.7m) and the adjusted fully diluted earnings per share⁵ was 20.3p (FY19: 20.2p).

Investing activities

The Group incurred £124.6m on the purchase of property, plant, equipment and intangible assets, including £32.0m on the build and fit out of our new warehouse in Bedford with a further £42.5m being incurred on the 74 gross new stores opening programme across the Groups fascia's and an additional £50.1m on the Groups infrastructure and ensuring that our existing store estate and warehouses are appropriately invested and maintained. The Group will continue to invest in its existing store estate and IT infrastructure across the Group in the year to March 2021 and we would expect the level of maintenance expenditure to be 0.8% of revenues.

The deferred consideration that was outstanding relating to the acquisition of Heron in August 2017 that was due was agreed with the vendors and £12.0m was paid in the year.

There were £160.5m of proceeds received from the sale of property, plant and equipment in the year, the majority of this related to the proceeds from the sale and leaseback of our warehouse in Bedford, £149.5m in March 2020 and there was a further £6.6m relating to the sale of freehold properties. In addition there were also receipts of £2.4m from the disposal of our shareholding in Jawoll and £2.6m in dividends received from associates.

Net debt and cash flow

As a Group we continue to be strongly cash generative and the cash flow from operations increased by 25.9% to £532.6m (FY19: £423.0m).

The cash generation reflects the continued growth in the Group's EBITDA⁵, and the continuation of the attractive cash paybacks from the new store opening programme. Within the year we have also seen a working capital inflow as a result of both the accelerated demand for essential products in March 2020 ahead of the lockdown and also lower levels of imported stock following some delays to the timing of merchandise being shipped from the Far East following the Covid-19 outbreak in China. The working capital benefit is likely to reverse in FY21 if normal trading conditions are experienced.

The strong cash flows have enabled the Group to pay £76.0m of dividends in the year and also to declare a dividend of £150.1m that was paid to shareholders in April 2020.

The Group's net debt⁶ in the year has reduced to £347.5m (FY19: £610.9m) and the net debt⁶ to adjusted EBITDA⁵ has reduced to 1.02 times (FY19: 1.91 times). Adjusting the net debt for the £150.1m special dividend that was paid on 17 April 2020, the underlying net debt would have increased to £497.6m and the net debt to adjusted EBITDA would have been 1.45 times. This remains comfortably within our 2.25 times leverage target.

B&M periodically explores opportunities to repay, prepay, repurchase, refinance or extend its existing indebtedness prior to the scheduled maturity of such indebtedness, and/or amend its terms with the requisite consent of lenders as part of B&M's continuing efforts to manage its capital structure. B&M and/or its Group may also incur additional indebtedness to the extent permitted by the covenants of existing indebtedness or with the requisite consent of lenders, including in connection with the Group's evaluation of strategic expansion and acquisition opportunities.

The Board adopted a long-term capital allocation policy in 2016 to provide a framework to help investors understand how the Group will continue to balance the funding requirements of a growth business like B&M with the desire to return surplus capital to shareholders. The Board will continue to evaluate opportunities to invest and support the growth of the business along with the scope for any incremental return of capital to shareholders in the context of that framework.

Dividends

The Group has a dividend policy which targets a pay-out ratio of between 30-40% of net income on a normalised tax basis. The Group generally pays the interim and final dividends for each financial year approximately in proportions of one-third and two-thirds respectively of the total annual dividend.

The Group is strongly cash generative and its capital policy is to allocate cash surpluses in the following order of priority:

1. the roll-out of new stores with a strong payback profile;
2. ordinary dividend cover to shareholders;
3. mergers & acquisition opportunities; and
4. returns of surplus cash to shareholders.

The above list is a summary of the main items, but it is not an exhaustive list as other factors may arise from time to time which require investment to support the long-term growth objectives of the Group.

The parent company of the Group is an investment holding company which does not carry on retail commercial trading operations. Its distributable reserves are derived from intra-group dividends originating from its subsidiaries. As the parent company is a Luxembourg registered company the Board is permitted to have recourse to the company's share premium account as a distributable reserve. It remains the Group's policy though generally to have recourse to distributable profits from within the Group, and accordingly, ahead of interim dividends, and also ahead of the year end in relation to final dividends, the Board reviews the levels of dividend cover in the parent company to maintain sufficient levels of distributable profits in the parent company for each of those dividends. The Group's consolidated balance sheet position as at 28 March 2020 includes distributable profit reserves of £245m. The vast majority of these reserves have been generated by and are on the balance sheet of the principal trading subsidiary of the Group in the UK, B&M Retail Limited. There are intermediate holding companies in the Group structure between B&M Retail Limited and the Group's ultimate parent company, but those intermediate holding companies do not carry on retail trading business operations and there are no dividend blocks of any material amounts in any year in relation to expenses which those companies may incur.

The Group has continued to be strongly cash generative and is in a very good position to fund and maintain its dividend policy notwithstanding the current economic situation general. The principal risks of the Group and in particular those relating to Covid-19, supply chain, competition, economic environment, commodity prices, infrastructure and international expansion are relevant to the ability of the Group to maintain its dividend policy in the future. The Group however maintains strategies to mitigate those risks and the Board believes the Group has a robust and resilient business model through the combination of having a value-led product assortment which to a large extent comprises essential goods and also competes

across a very broad section of the retail markets in our chosen locations.

During the year the Company paid an interim dividend of 2.7p per share and also declared a special dividend of 15.0p per share following the sale and leaseback of the Bedford Distribution Centre which was paid in April 2020. Subject to approval of the dividend by shareholders at the AGM on 18 September 2020, a final dividend of 5.4p per share is to be paid on 28 September 2020 to shareholders on the register of the Company at the close of business on 21 August 2020. The ex-dividend date will be 20 August 2020.

Paul McDonald

Chief Financial Officer

11 June 2020

Consolidated Statement of Comprehensive Income

Period ended		52 weeks ended 28 March 2020 £'000	Restated* 52 weeks ended 30 March 2019 £'000
Continuing operations	Note		
Revenue	3	3,813,387	3,272,632
Cost of sales		(2,530,579)	(2,152,403)
Gross profit		1,282,808	1,120,229
Gain on sale and leaseback of the Bedford warehouse	17	16,932	-
Administrative expenses		(966,928)	(801,492)
Operating profit	5	332,812	318,737
Share of profits in associates	14	879	775
Profit on ordinary activities before net finance costs and tax	3	333,691	319,512
Finance costs on lease liabilities	6	(57,206)	(52,040)
Other finance costs	6	(24,809)	(24,228)
Finance income	6	213	369
Gain on revaluation of financial instruments	6, 23	134	716
Profit on ordinary activities before tax		252,023	244,329
Income tax expense	12	(57,246)	(49,220)
Profit for the period from continuing operations	3	194,777	195,109
Attributable to owners of the parent		194,777	195,109
Discontinued operations			
Loss from discontinued operations	7	(113,922)	(3,975)
Profit for the period		80,855	191,134
Attributable to non-controlling interests		(9,172)	(2,717)
Attributable to owners of the parent		90,027	193,851
Other comprehensive income for the period			
Items which may be reclassified to profit and loss:			
Exchange differences on retranslation of subsidiary and associate investments		1,661	(2,125)
Fair value movement as recorded in the hedging reserve		8,679	19,996
Items which will not be reclassified to profit and loss:			
Actuarial gain on the defined benefit pension scheme	9	-	5
Tax effect of other comprehensive income	12	(1,383)	(3,481)
Total comprehensive income for the period		89,812	205,529
Attributable to non-controlling interests		(9,753)	(3,051)
Attributable to owners of the parent		99,565	208,580
Earnings per share from continuing operations			
Basic earnings per share attributable to ordinary equity holders (pence)	13	19.5	19.5
Diluted earnings per share attributable to ordinary equity holders (pence)	13	19.5	19.5
Earnings per share from all operations			
Basic earnings per share attributable to ordinary equity holders (pence)	13	9.0	19.4
Diluted earnings per share attributable to ordinary equity holders (pence)	13	9.0	19.4

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

* This statement has been restated in respect of the Group's first time application of IFRS 16 (see notes 1, 2, 17 and 18), for the reclassification of the Germany Jawoll segment as a discontinued operation (see notes 1 and 7) and for the results of the final purchase price allocation exercise for Babou (see notes 1 and 8).

Consolidated Statement of Financial Position

As at	Note	28 March 2020 £'000	Restated* 30 March 2019 £'000	Restated* 1 April 2018 £'000
Assets				
Non-current				
Goodwill	15	921,911	954,757	929,718
Intangible assets	15	119,696	126,559	120,962
Property, plant and equipment	16	312,198	378,581	298,581
Right of use assets	17	1,086,618	1,036,873	872,686
Investments in associates	14	5,700	6,920	5,140
Other receivables	20	7,517	7,237	-
Deferred tax asset	12	22,988	23,751	17,923
		2,476,628	2,534,678	2,245,010
Current assets				
Cash at bank and in hand	21	428,205	86,202	90,816
Inventories	19	588,000	665,570	558,690
Trade and other receivables	20	60,588	52,400	16,438
Other financial assets	23	16,702	6,294	-
Income tax receivable		-	3,781	-
		1,093,495	814,247	665,944
Total assets		3,570,123	3,348,925	2,910,954
Equity				
Share capital	26	(100,058)	(100,056)	(100,056)
Share premium		(2,474,318)	(2,474,249)	(2,474,249)
Retained earnings		(244,829)	(393,375)	(273,619)
Hedging reserve		(9,280)	(1,984)	14,532
Legal reserve		(10,010)	(10,010)	(10,000)
Merger reserve		1,979,131	1,979,131	1,979,131
Foreign exchange reserve		(8,035)	(5,793)	(7,583)
Put/call option reserve		-	13,855	13,855
Non-controlling interest		-	(9,753)	(12,804)
		(867,399)	(1,002,234)	(870,793)
Non-current liabilities				
Interest bearing loans and borrowings	24	(561,418)	(562,941)	(558,426)
Lease liabilities	17	(1,146,233)	(1,056,759)	(913,268)
Other financial liabilities	23	-	-	(19,209)
Other liabilities	22	(171)	(578)	(419)
Deferred tax liabilities	12	(29,008)	(26,522)	(24,281)
Provisions	25	(766)	(184)	(151)
		(1,737,596)	(1,646,984)	(1,515,754)
Current liabilities				
Interest bearing loans and borrowings	24	(211,062)	(124,272)	(47,212)
Overdrafts	21	(928)	(5,646)	(6,112)
Trade and other payables	22	(419,999)	(376,722)	(320,058)
Lease liabilities	17	(149,011)	(150,163)	(108,754)
Other financial liabilities	23	(1,847)	(13,731)	(16,666)
Income tax payable		(26,115)	(23,197)	(19,677)
Dividends payable	34	(150,087)	-	-
Provisions	25	(6,079)	(5,976)	(5,928)
		(965,128)	(699,707)	(524,407)
Total liabilities		(2,702,724)	(2,346,691)	(2,040,161)
Total equity and liabilities		(3,570,123)	(3,348,925)	(2,910,954)

* These statements have been restated in respect of the Group's first time application of IFRS 16 (see notes 1, 17 and 18) and for the results of the final purchase price allocation exercise for Babou (see note 8).

The accompanying accounting policies and notes form an integral part of these consolidated financial statements. This consolidated statement of financial position was approved by the Board of Directors and authorised for issue on 10 June 2020 and signed on their behalf by:

Simon Arora, Chief Executive Officer.

Consolidated Statement of Changes in Shareholders' Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Hedging Reserve £'000	Legal reserve £'000	Merger reserve £'000	Foreign exch. reserve £'000	Put/call option Reserve £'000	
Balance at 1 April 2018	100,056	2,474,249	327,073	(14,532)	10,000	(1,979,131)	7,833	(13,855)	
Restatements due to the adoption of IFRS 16	-	-	(53,454)	-	-	-	(250)	-	
Restated balance as at 1 April 2018	100,056	2,474,249	273,619	(14,532)	10,000	(1,979,131)	7,583	(13,855)	
Allocation to legal reserve	-	-	(10)	-	10	-	-	-	
Ordinary dividends declared	-	-	(75,042)	-	-	-	-	-	
Effect of share options	-	-	954	-	-	-	-	-	
Total transactions with owners	-	-	(74,088)	-	-	-	-	-	
Profit/(loss) for the period	-	-	193,851	-	-	-	-	-	
Other comprehensive income	-	-	3	16,516	-	-	(1,790)	-	
Total comprehensive income for the period	-	-	193,854	16,516	-	-	(1,790)	-	
Balance at 30 March 2019	100,056	2,474,249	393,375	1,984	10,010	(1,979,131)	5,793	(13,855)	
Ordinary dividends declared	-	-	(76,042)	-	-	-	-	-	
Special dividends declared	-	-	(150,087)	-	-	-	-	-	
Effect of share options	2	69	1,411	-	-	-	-	-	
Total transactions with owners	2	69	(224,718)	-	-	-	-	-	
Profit for the period relating to continuing operations	-	-	194,777	-	-	-	-	-	

Loss for the period relating to discontinued operations	-	-	(104,750)	-	-	-	-	-
Other comprehensive income	-	-	-	7,296	-	-	2,242	-
Total comprehensive income for the period	-	-	90,027	7,296	-	-	2,242	-
Disposal of Jawoll	-	-	(13,855)	-	-	-	-	13,855
Balance at 28 March 2020	100,058	2,474,318	244,829	9,280	10,010	(1,979,131)	8,035	-

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Period ended	Note	52 weeks ended 28 March 2020 £'000	Restated* 52 weeks ended 30 March 2019 £'000
Cash flows from operating activities			
Cash generated from operations	27	532,645	422,996
Non cash write off from discontinued operations		68,036	-
Income tax paid		(57,924)	(47,271)
Net cash flows from operating activities		542,757	375,725
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(123,270)	(103,315)
Purchase of intangible assets	15	(1,361)	(2,654)
Business acquisitions net of cash acquired	8	-	(75,879)
Deferred consideration in respect of business acquisitions	23	(11,950)	-
Business disposal net of cash disposed	7	2,964	-
Acquisition of shares in associates	14	-	(1,200)
Proceeds from sale of property, plant and equipment		160,518	563
Finance income received		214	369
Dividends received from associates	14	2,580	570
Net cash flows from investing activities		29,695	(181,546)
Cash flows from financing activities			
Receipt of bank loans	24	-	81,086
Net receipt of Group revolving bank loans	24	80,000	(5,000)
Net repayment of Heron facilities	24	(2,030)	(2,297)
Net receipt/(repayment) of Babou facilities	24	1,587	(5,489)
Repayment of the principal in relation to right of use assets		(142,653)	(109,972)
Payment of interest in relation to right of use assets		(63,790)	(58,544)
Capitalised fees on refinancing		(119)	(935)
Finance costs paid		(23,957)	(21,476)
Receipt from exercise of employee share options	11	60	-
Dividends paid to owners of the parent	34	(76,042)	(75,042)
Net cash flows from financing activities		(226,944)	(197,669)
Effects of exchange rate changes on cash and cash equivalents		1,213	(658)
Net increase/(decrease) in cash and cash equivalents		346,721	(4,148)
Cash and cash equivalents at the beginning of the period		80,556	84,704
Cash and cash equivalents at the end of the period		427,277	80,556
Cash and cash equivalents comprise:			
Cash at bank and in hand	21	428,205	86,202
Overdrafts		(928)	(5,646)
		427,277	80,556

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

* This statement has been restated in respect of the Group's first time application of IFRS 16 (see notes 1, 17 and 18), and to represent foreign exchange movement in line with the current year presentation (see note 1).

Notes to the Consolidated Financial Statements

1 General information and basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Group's trade is general retail, with continuing trading taking place in the UK and France and discontinued operations in Germany. The Group has been listed on the London Stock Exchange since June 2014.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The measurement basis and principal accounting policies of the Group are set out below and have been applied consistently throughout the consolidated financial statements.

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The consolidated financial statements cover the 52 week period from 31 March 2019 to 28 March 2020 which is a different period to the parent company stand alone accounts (from 1 April 2019 to 31 March 2020). This exception is permitted under article 1712-12 of the Luxembourg company law of 10 August 1915 as amended as the Directors believe that;

- the consolidated financial statements are more informative when they cover the same period as used by the main operating entity, B&M Retail Ltd; and
- that it would be unduly onerous to rephrase the year end in this subsidiary to match that of the parent company.

The year end for B&M Retail Ltd, in any year, would not be more than six days prior to the parent company year end.

B&M European Value Retail S.A. (the "Company") is the head of the Group and there is no consolidation that takes place above the level of this company.

The principal accounting policies of the Group are set out below.

Restatement due to the Group's adoption of IFRS 16 'Leases'

The new leasing standard, IFRS 16, was adopted by the Group on 31 March 2019, the start of the current financial year. The Group has adopted the fully retrospective approach and therefore has applied the standard to all leases from the acquisition date of each lease, with the consequence that the prior year financial statements have been restated.

The impact on our financial statements is significant, see notes 17 and 18 for more details.

The Group has taken advantage of the practical expedient allowed on transition to IFRS 16 to not re-assess which contracts contain or are a lease and which are not. Therefore the Group has applied the standard to those contracts previously identified as leases only, as well as contracts entered into after 31 March 2019.

Our new accounting policies for Leases are as follows:

Leases

The Group applies the leasing standard, IFRS 16, to all contracts identified as leases at their inception, unless they are considered a short-term lease (with a term less than a year) or where the asset is of a low underlying value (under £5k). Assets which may fall into this categorisations include printers, vending machines and security cameras, and the lease expense is within administrative expenses.

The Group has lease contracts in relation to property, equipment, fixtures & fittings and vehicles. A contract is classified as a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a lease contract is recognised, the business assesses the term for which we are reasonably certain to hold that lease, and the minimum lease payments over that term are discounted to give the initial lease liability. The initial right-of-use asset is then recognised at the same value, adjusted for incentives or payments made on the day that the lease was acquired. Any variable lease costs are expensed to administrative costs when incurred.

The date that the lease is brought into the accounts is the date from which the lease has been effectively agreed by both parties as evidenced by the Group's ability to use that property.

The right-of-use asset is subsequently depreciated on a straight-line basis over the term of that lease, or useful life (whichever is shorter) with the charge being made to administrative costs. The lease liability attracts interest which is charged to finance costs, and is measured at amortised cost using the effective interest method.

Right-of-use assets may be impaired if, for instance, a lease becomes onerous. Impairment costs are charged to administrative costs.

On a significant event, such as the lease reaching its expiry date or the likely exercise of a previously unrecognised break clause, the lease term is re-assessed by management as to how long we can be reasonably certain to stay in that property, and a new lease agreement or modification (if the change is made before the expiry date) is recognised for the re-assessed term.

The discount rate used is individual to each lease. Where a lease contract includes an implicit interest rate, that rate is used. In the majority of leases this is not the case and the discount rate is taken to be the incremental borrowing rate as related to that specific asset. This is a calculation based upon the external market rate of borrowing for the Group, as well as several factors specific to the asset to be discounted.

The Group separates lease payments between lease and non-lease components (such as service charges on property) at the point at which the lease is recognised. Non-lease components are charged through administrative expenses.

Sale and leaseback transactions

The Group recognises a sale and leaseback transaction when the Group sells an asset that has been previously recognised in property, plant and equipment, and subsequently leases it back as part of the same or a linked transaction.

Management use the provisions of IFRS 15 to assess if a sale has taken place, and the provisions of IFRS 16 to recognise the resulting lease, with the liability and discount rate calculated in line with our lease policy and the asset subject to an adjustment based upon the net book value of the disposed asset, the opening lease liability, the consideration received and the fair value of the asset on the date it was sold.

Resulting gains or losses are recognised in administrative expenses.

Disposal of Jawoll

On 27 March 2020 the Group announced the disposal of their 80% shareholding in the subsidiary J.A. Woll-Handels GmbH, and the results of the entity have ceased to be consolidated from this date.

This subsidiary was previously consolidated as the Germany Jawoll segment, and as such the prior year statement of comprehensive income has been restated to include the results of the Germany Jawoll segment within the discontinued operations categorisation.

All current year results have been presented within the loss from discontinued operations caption, including the loss on disposal and impairment as reported in the September 2019 half year accounts.

Our policy on assets held for sale and disposal groups is as follows:

The Group reclassifies an asset or a disposal group as held for sale if the carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Their carrying value on reclassification is measured at the lower of the carrying amount and fair value less costs to sell with any gain or loss included in gain or loss on discontinued operations (for a disposal group) or administrative costs (for an asset held for sale), and no depreciation is charged on this balance.

Any assets classified as held for sale are separately presented on the statement of financial position, with any results separately presented in the statement of comprehensive income (as discontinued operations for a disposal group). Any prior year statements of comprehensive income that are presented are also restated to aid comparability.

Further disclosures have been made in note 7.

Acquisition of Babou

A final review of the identifiable assets and liabilities was carried out within the year with the result that, due to information available after the prior year end which reflected circumstances at the acquisition date, an additional €6m goodwill was recognised in relation to a write-down of inventory. As such the prior year cost of sales has also been restated for this amount, which translates to £5.3m.

Cash flow foreign exchange

A presentational restatement has been made to the consolidated statement of cash flows such that the effects of exchange rate changes on cash and cash equivalents has been shown separately from cash flows in line with IAS 7. In prior years this separation was not made on grounds of materiality, and as such the prior year has been represented to align with the current year presentation. This has resulted in a reduction of net cash flows from operating activities of £1,781k and an increase in net cash flows from financing activities of £2,439k.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings, together with the Group's share of the net assets and results of associated undertakings, for the period from 31 March 2019 to 28 March 2020. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. The results of companies acquired are included in the consolidated statement of comprehensive income from the acquisition date.

During the year, on 27 March 2020, the Group disposed of J.A.Woll Handels GmbH ("Jawoll"). Jawoll has only been consolidated until this date, as a discontinued operation. See note 7 for more details.

During the year, on 6 March 2020, and as part of a sale and leaseback transaction involving the new warehouse at Bedford, the Group disposed of Bedford DC Investment Ltd ("Bedford Ltd"). Bedford Ltd has only been consolidated until this date, see note 17 for more details.

During the prior year, on 19 October 2018, the Group acquired Paminvest SAS, a discount general merchandise retailer group operating under the trading name Babou in France ("Babou"). Babou has been consolidated in the Group accounts from this date. For more details see note 8.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee, and,
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangements with the other vote holders of the investee,
- rights arising from other contractual arrangements, and,
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary, excluding the situations as outlined in the basis of preparation.

Going concern

As a value retailer, the Group is well placed to withstand volatility within the economic environment. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group will trade within its current banking facilities.

After making enquiries, the Directors are confident that the Group has adequate resources to continue its successful growth. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Covid-19 pandemic has not had a material impact on this assessment, as the majority of the Group's stores have continued to operate profitably. The French Babou stores were closed at the year end date, and whilst losses were incurred in this segment, they have received support in the form of loans that are 90% guaranteed by the French government (see note 33).

Note also that viability and going concern statements have been made in the 'Principal risks and uncertainties' section of this annual report.

Revenue

Under IFRS 15 Revenue is recognised when all the following criteria are met;

- the parties to the contract have approved the contract;
- the Group can identify each parties rights regarding the goods to be transferred;
- the Group can identify the payment terms;
- the contract has commercial substance;
- it is probable that the Group will collect the consideration we are entitled to in respect to the goods to be transferred.

In the vast majority of cases the Group's sales are made through stores and the control of goods is immediately transferred at the same time as the consideration received via our tills. Therefore revenue is recognised at this point.

The Group does not actively sell vouchers to use in the future or operate discount schemes and, therefore, no deferred revenue is recognised.

The Group operates a small wholesale function which recognises revenue when goods are delivered and the invoice is raised. The revenue is considered collectable as the Group's wholesale customers are usually related parties to the Group (such as our associates) or are subject to credit checks before trade takes place.

Revenue is the total amount receivable by the Group for goods supplied, in the ordinary course of business, excluding VAT and trade discounts, and after deducting returns and relevant vouchers and offers.

Other administrative expenses

Administrative expenses include all running costs of the business, except those relating to inventory (which are expensed through cost of sales), tax, interest and other comprehensive income. Transport and warehouse costs are included in this caption.

Elements which are unusual and significant, such as material restructuring costs, may be separated as a line item.

Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the relevant cash-generating units (CGUs) that are expected to benefit from the combination.

Goodwill is tested for impairment at each year end and at any time where there is any indication that it may be impaired. Internally generated goodwill is not recognised as an asset.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive directors of the Group. The executive directors are responsible for assessing the performance of the business for the purpose of making decisions about resources to be allocated.

Alternative performance measures

The Group reports a selection of alternative performance measures as detailed below and in note 4, as the Directors believe that these measures provide additional information that is useful to the users of our accounts.

The alternative performance measures we report in these accounts are:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Adjusted EBITDA
- Adjusted Profit
- Adjusted Earnings per share

Both IFRS 16 and non-IFRS 16 versions of these alternative performance measures have been calculated and presented in order to aid comparability with the non-IFRS 16 figures presented in previous years.

Interest, tax, depreciation and amortisation are as defined statutorily whilst the items we adjust for are those we consider not to be reflective of the underlying performance of the business as detailed in note 4. These adjustments include the effect of ineffective derivatives and foreign exchange on intercompany balances, which do not relate to underlying trading, and costs incurred in relation to acquisitions, which are non-recurring and do not relate to underlying trading.

The directors believe that EBITDA provides users of the account with a measure of performance which is appropriate to the retail industry and presented by peers and competitors. Adjusted values are considered to be appropriate to exclude unusual, non-trading and/or non-recurring impacts on performance which therefore provides the user of the accounts an additional metric to compare periods of account.

The alternative performance measures used are not measures of performance or liquidity under IFRS and should not be considered in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, which may include contingent consideration at net present value. Acquisition-related costs are expensed depending on their nature with costs of raising finance amortised over the term of the relevant element of finance provided and the remainder expensed when incurred.

Assets and liabilities are recognised at their acquisition date fair value, with the difference between the consideration and the net assets recognised as goodwill on the statement of financial position or as a gain in administrative expenses.

Brands

Brands acquired by the business are amortised if the corresponding agreement is specifically time limited, or if the fair valuation exercise (carried out for brands acquired via business combinations) identifies a fair lifespan for the brand. This amortisation is charged to administrative expenses.

Otherwise, brands are considered to have an indefinite life on the basis that they form part of the cash generating units within the Group which will continue in operation indefinitely, with no foreseeable limit to the period over which they are expected to generate net cash inflows.

Where brands are considered to have an indefinite life they are reviewed at least annually for impairment or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly with the write down charged to administration expenses.

Intangible assets

Intangible assets acquired separately, including computer software, are measured on initial recognition at cost comprising the purchase price and any directly attributable costs of preparing the asset for use.

Following initial recognition, assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight line basis to allocate the cost of the asset over its estimated useful life as follows:

Computer software acquired	-	3 or 4 years
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Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises purchase price and directly attributable costs. Unless significant or incurred as part of a refit programme, subsequent expenditure will usually be treated as repairs or maintenance and expensed to the statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Freehold land is not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows.

Depreciation

Depreciation is provided on all other items of property, plant and equipment and the effect is to write off the carrying value of items by equal instalments over their expected useful economic lives. It is applied at the following rates:

Leasehold buildings	-	Life of lease (max 50 years)
Freehold buildings	-	2-4% straight line
Plant, fixtures and equipment	-	10% - 33% straight line
Motor vehicles	-	12.5% - 33% straight line

Residual values and useful lives are reviewed annually and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Investments in associates

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. However, any goodwill or fair value adjustment attributable to the Group's share of associates is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated statement of comprehensive income and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation and impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's other comprehensive income are recognised in the consolidated other comprehensive income of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the consolidated financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required (for goodwill or indefinite life assets), the Group estimates the asset's recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's cash generating units (CGU's) to which the individual assets are allocated. These budgets and forecast calculations cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Indications of impairment might include (for goodwill and the brand assets, for instance) a significant decrease in the like for like sales of established stores, sustained negative publicity or a drop off in visits to our website and social media accounts.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses of continuing operations, are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and acquired brands with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income, except for impairment of goodwill which is not reversed.

Onerous leases

The Group carries a property provision which relates to leasehold property where an exit can be reasonably expected to occur, and the relevant lease is considered to be onerous.

A lease is considered onerous when the economic benefits of occupying the leased properties are less than the obligations payable under the lease.

When a lease is classified as onerous, the right-of-use asset associated with the lease is impaired to £nil value and non-rental costs that are likely to accrue before the end of the contract are provided against.

The property provision also contains expected dilapidation costs on any lease considered onerous, as well as any relating to stores recently or planned to be closed.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items, using the weighted average method.

Stock purchased in foreign currency is booked in at the hedge rate applicable to that stock (if effectively hedged) or the underlying foreign currency rate on the date that the item is brought into stock.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. Transport, warehouse and distribution costs are not included in the valuation of inventory.

Share options

The Group operates equity settled share option schemes, with the first such scheme commencing in August 2014.

The schemes have been accounted for under the provisions of IFRS 2, and accordingly have been fair valued on their inception date using appropriate methodology (the Black Scholes and Monte Carlo models).

A cost is recorded through the statement of comprehensive income in respect of the number of options outstanding and the fair value of those options. A corresponding credit is made to the retained earnings reserve and the effect of this can be seen in the statement of changes in equity. See note 11 for more details.

Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is highly probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Financial instruments

The Group uses derivative financial instruments such as forward currency contracts, fuel swaps and interest rate swaps to reduce its foreign currency risk, commodity price risk and interest rate risk. Derivative financial instruments are recognised at fair value. The fair value is derived using an internal model and supported by valuations by third party financial institutions.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the statement of comprehensive income. Effectiveness of the derivatives subject to hedge accounting is assessed prospectively at inception of the derivative, and at each reporting period end date prior to maturity.

Where a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset, such as an item of inventory, the associated gains and losses are recognised in the initial cost of that asset.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is reclassified in the statement of other comprehensive income immediately.

Financial assets

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income.

A financial asset is measured at amortised cost using the effective interest rate if it meets both of the following conditions: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Under IFRS 9 trade receivables, without a significant financing component, are classified and held at amortised cost, being initially measured at the transaction price and subsequently measured at amortised cost less any impairment loss.

IFRS 9 includes an 'expected loss' model ('ECL') for recognising impairment of financial assets held at amortised cost. The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group performs the calculation of expected credit losses separately for each customer group.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise derivative financial instruments entered into by the Group that are designated as hedging instruments in hedge relationships as defined by IFRS 9. Financial assets at fair value through other comprehensive income are carried in the statement of financial position at fair value with changes in fair value recognised in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset,

or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial derivatives held for trading. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group. Gains or losses on liabilities held-for-trading are recognised in profit and loss.

Other financial liabilities

After initial recognition, interest bearing loans and borrowings, trade and other payables and other liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to mark-to-market valuations obtained from the relevant bank (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, less bank overdrafts.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess of the consideration made for the shares, over and above the nominal valuation of those shares;
- "Legal reserve" representing the statutory reserve required by Luxembourg law as an apportionment of profit within each Luxembourg company (up to 10% of the standalone share capital);
- "Hedging reserve" representing the fair value of the derivatives held by the Group at the period end that are accounted for under hedge accounting and that represent effective hedges;
- "Merger reserve" representing the reserve created during the reorganisation of the Group in 2014;

- "Retained earnings reserve" represents retained profits;
- "Put/call option reserve" representing the initial valuation of the put/call option held by the Group over the non-controlling interest of J.A. Woll Handels GmbH (Jawoll);
- "Foreign exchange reserve" represents the cumulative differences arising in retranslation of the subsidiaries results;
- "Non-controlling interest" representing the portion of the equity which belongs to the non-controlling interest in the Group's subsidiaries.

Foreign currency translation

These consolidated financial statements are presented in pounds sterling.

The following Group companies have a functional currency of pounds sterling;

- B&M European Value Retail S.A.
- B&M European Value Retail 1 S.à r.l. (Lux Holdco)
- B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)
- B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)
- B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)
- B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)
- Bedford DC Investments Limited (Disposed March 2020)
- EV Retail Ltd
- B&M Retail Ltd
- Opus Homewares Ltd
- Retail Industry Apprenticeships Ltd
- Heron Food Group Ltd
- Heron Foods Ltd
- Cooltrader Ltd
- Heron Properties (Hull) Ltd

The following Group companies have a functional currency of the Euro;

- B&M European Value Retail 2 S.à r.l. (SBR Europe)
- SAS Babou
- Babou Relationship Partners – BRP SAS
- B&M European Value Retail Germany GmbH (Germany Holdco)

The following former Group companies had a functional currency of the Euro;

- J.A. Woll Handels GmbH (Jawoll)
- Jawoll Vertriebs GmbH
- Paminvest SAS

The Group companies whose functional currency is the Euro have been consolidated into the Group via retranslation of their results in line with IAS 21 *Effects of Changes in Foreign Exchange Rates*. The assets and liabilities are translated into pounds sterling at the year end exchange rate. The revenues and expenses are translated into pounds sterling at the average monthly exchange rate during the period. Any resulting foreign exchange difference is cumulatively recorded in the foreign exchange reserve with the annual effect being charged/credited to other comprehensive income.

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Pension costs

The Group operates a defined contribution scheme and contributions are charged to profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are discounted where the time value of money is considered to be material.

Critical judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Critical judgments

Investments in Associates

Multi-lines International Company Ltd (Multi-lines), which is 50% owned by the Group, has been judged by management to be an associate rather than a subsidiary or a joint venture.

Under IFRS 10 control is determined by:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor's returns.

Although 50% owned, B&M Group does not have voting rights or substantive rights. Therefore, the level of power over the business is considered to be more in keeping with that of an associate than a joint-venture, and hence it has been treated as such within these consolidated financial statements.

Hedge accounting

The Group hedge accounts for stock purchases made in US Dollars.

There is significant management judgment involved in forecasting the level of dollar purchases to be made within the period that the forward hedge has been bought for.

Management takes a prudent view that no more than 80% of the operational hedging in place can be subject to hedge accounting, due to forecast uncertainties, and assesses every forward hedge taken out, on inception, if that figure should be reduced further by considering general purchasing trends, and discussion of specific purchasing decisions.

Deferred Consideration

During the year the Group disposed of the German trading subsidiaries, see note 7. The transaction entitled the Group to receive €12.5m, with €10m of this deferred until no later than December 2020, payable if the business does not become insolvent.

A key management judgment has been made that this amount is fully recoverable, based upon an analysis which included consideration of prudent forecasts, the proposed business plan put forward by the new owners (and their experience in this marketplace), the likely timescales and the ability to overcome prior issues within the businesses.

The analysis was further sensitised to the impact of Covid-19 on the retail market in Germany, ultimately without impacting the judgment made that the full amount should be considered recoverable.

Sale & Leaseback of Bedford

The Group performed a major sale and leaseback in the year in respect to the new warehouse at Bedford.

The warehouse was built by the Group for a cost of £103.7m over the past two years, and sold for £153.8m in March 2020 to a third party who subsequently leased back the warehouse to the Group for our use. The profit recognised by the company was £16.9m with a further £32.1m gain rolled into the asset value (as required by the IFRS 16 leasing standard) and which will therefore be realised on a straight line basis over the 20 year term of the lease as a reduction in depreciation. See note 17 for further details.

A key judgment was made by management to recognise the sale.

Under the provisions of IFRS 15 the key requirement over which judgment is applied for a sale to be recognised is that the control of the asset, as defined by the ability to direct the use of and obtain substantially all of the benefits from the asset, has transferred from the Group to the third party. If this is not the case, the transaction should be recognised as financing on the property.

Following consideration of the provisions within the lease (including the extension clause and lack of reversionary rights), and the rights and ability of the third party to extract value from the asset they acquired, management believe that the appropriate treatment is to recognise the transaction as a sale, and therefore the whole transaction as a sale and leaseback.

Estimation uncertainty

Goodwill impairment

The Group's calculation for goodwill impairment includes several assumptions that are based upon managerial judgment.

As well as those discussed in note 15 around the inputs, they include the basis of the calculation itself i.e. which cash flows should be included, whether allowance should be made for growth of the store estate and, related to this, the level of capital expenditure to be included and on which timescale.

Management believes that the key element in determining whether an impairment is required is the value in use of the cash generating units themselves, which can be summarised as the return made by those cash generating units when considering the costs directly attributable to making those sales.

Inventory Valuation

Under IAS 2 (*"Inventories"*) inventory is required to be recognised at the lower of cost and net realisable value.

Management has exercised significant judgment in relation to the net realisable value of inventory held at Babou during the period of closure enforced by the Covid-19 pandemic.

Following the closure of the Babou stores on 15th March 2020 and the stores re opening on 11th May 2020 the business has lost nine weeks of revenues and following the re-opening there is also uncertainty as to the level of consumer confidence and therefore revenues over the remainder of the Spring Summer season. The business purchases and carries stocks that are specific to the Spring Summer selling season and hence given the lost revenues during the closure period and the potential impact on consumer confidence a judgement has been made with regards to the net realisable value of specific merchandise in this category that has resulted in an additional provision of €7.3m.

Lease discount rates

Where a rate implicit to the lease is not available, the selection of a discount rate for a lease is based upon the marginal cost of borrowing to the business in relation to the funding for a similar asset.

Management calculates appropriate discount rates based upon the marginal cost of borrowing currently available to the business as adjusted for several factors including, the term of the lease, the location and type of asset and how often payments are made.

Management consider that these are the key details in determining the appropriate marginal cost of borrowing for each of these assets.

Lease term

The lease term is a key input into calculating the initial lease liability under IFRS 16.

Management consider it appropriate, unless there is a good reason to act otherwise, to initially set a lease term equal to the longest possible contractual term of that lease, reflecting our intention to operate profitable locations on acquisition without requiring break clauses, but taking extension clauses where available.

Upon termination of a lease, where there does not exist a new agreement for the property but we remain in occupation, a new 'Holding over' lease is created with a term based upon management's expectations of how long the group is reasonably certain to stay in that property based upon recent trading patterns and the pipeline of existing or potential new opportunities.

Management consider that this is appropriate as it more fairly reflects the Group's intention to continue to occupy and trade from these properties.

Standards and Interpretations not yet applied by the Group

The following amendments to accounting standards and interpretations, issued by the International Accounting Standards Board (IASB), have not yet been applied by the Group in the period. None of these are expected to have a significant impact on the Group's consolidated results or financial position:

IASB effective for annual periods beginning on or after 1 January 2020

Standard	Summary of changes	EU Endorsement status
Amendments to References to the Conceptual Framework in IFRS Standards	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to the revised Conceptual Framework.	Endorsed (29 November 2019). EU effective date 1 January 2020.
Amendment to IFRS 3 Business Combinations	Amendment to IFRS 3 to clarify the definition of business.	Endorsed (21 April 2020). EU Effective date 1 January 2020.
Amendments to IAS 1 and IAS 8	Amendments to IAS 1 and IAS 8 to update the definition of material.	Endorsed (29 November 2019). EU effective date 1 January 2020.
Amendments to IFRS 7, IFRS 9 and IAS 39	Amendments to IFRS 7, IFRS 9 and IAS 39 addressing issues affecting financial reporting in the period leading up to LIBOR reform.	Endorsed (15 January 2020). EU effective date 1 January 2020.

IASB effective for annual periods beginning on or after 1 January 2021

Standard	Summary of changes	EU Endorsement status
IFRS 17 Insurance contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. It will apply to all entities that issue insurance and reinsurance contracts, and to all entities that hold reinsurance contracts.	Not yet endorsed.

Statement of profit and loss without the effects of IFRS 16

As referred to in Note 1, the Group has applied IFRS 16 for the first time in these set of results. In order to aid the comparability of our results with those previously issued, we provide the profit and loss statement without the effects of IFRS 16.

Period ended	52 weeks ended 28 March 2020 £'000	Restated* 52 weeks ended 30 March 2019 £'000
Continuing operations		
Revenue	3,813,387	3,272,632
Cost of sales	(2,530,579)	(2,152,403)
Gross profit	<u>1,282,808</u>	<u>1,120,229</u>
Gain on sale and leaseback of the Bedford warehouse	48,984	-
Administrative expenses	(1,007,378)	(840,953)
Operating profit	<u>324,414</u>	<u>279,276</u>
Share of profits in associates	879	775
Profit on ordinary activities before net finance costs and tax	<u>325,293</u>	<u>280,051</u>
Finance costs	(24,983)	(24,410)
Finance income	213	369
Gain on revaluation of financial instruments	134	716
Profit on ordinary activities before tax	<u>300,657</u>	<u>256,726</u>
Income tax expense	(64,012)	(51,402)
Profit for the period from continuing operations	<u>236,645</u>	<u>205,324</u>
Attributable to owners of the parent	236,645	205,324
Discontinued operations		
Loss from discontinued operations	(119,444)	(2,615)
Profit for the period	<u>117,201</u>	<u>202,709</u>
Attributable to non-controlling interests	(10,306)	(2,445)
Attributable to owners of the parent	127,507	205,154

* This statement has been restated for the reclassification of the Germany Jawoll segment as a discontinued operation.

The overall effect on continuing profit before tax of the IFRS 16 adjustments was a loss of £48,634k, £32,052k of which was due to the difference in the gain recognised on the Bedford warehouse sale & leaseback (March 2019: overall £12,397k) see notes 17 and 18 for further details.

Segmental information

IFRS 8 (“Operating segments”) requires the Group’s segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker to assess performance and allocate resources across each reporting segment.

The chief operating decision maker has been identified as the executive directors who monitor the operating results of the retail segments for the purpose of making decisions about resource allocation and performance assessment.

For management purposes, the Group is organised into three operating segments, UK B&M, UK Heron and France Babou segments comprising the three separately operated business units within the Group. Previously the Group consolidated the Germany Jawoll segment, until disposal in March 2020, see note 7. The France Babou segment has been active since the acquisition of Babou in October 2018.

Items that fall into the corporate category, which is not a separate segment but is presented to reconcile the balances to those presented in the main statements, include those related to the Luxembourg or associate entities, Group financing, corporate transactions, any tax adjustments and items we consider to be adjusting (see note 4).

The average euro rate for translation purposes was €1.1441/£ during the year, with the year end rate being €1.1176/£ (2019: €1.1341/£ and €1.1648/£, respectively).

52 week period to 28 March 2020	UK B&M £'000	UK Heron £'000	France Babou £'000	Corporate £'000	Continuing Total £'000
Revenue	3,140,144	389,867	283,376	-	3,813,387
EBITDA (note 4)	321,590	25,551	(3,003)	38,839	382,977
EBITDA (IFRS 16) (note 4)	467,155	34,956	28,212	6,787	537,110
Depreciation and amortisation	(148,946)	(19,109)	(35,357)	(7)	(203,419)
Net finance expense	(42,722)	(2,809)	(10,538)	(25,599)	(81,668)
Income tax (expense)/credit	(48,921)	(2,444)	5,629	(11,510)	(57,246)
Segment profit/(loss)	226,566	10,594	(12,054)	(30,329)	194,777
Total assets	2,874,747	290,742	345,222	59,412	3,570,123
Total liabilities	(1,342,935)	(127,191)	(249,816)	(982,782)	(2,702,724)
Capital expenditure*	(69,908)	(13,220)	(8,198)	(30,276)	(121,602)

The prior year statement, below, has been restated to include the effects of adopting IFRS 16, and to exclude the Germany Jawoll segment as it is a discontinued operation. Note that some expenses, such as the revaluation of the call/put option in relation to Germany, were previously classified as corporate but as they were not part of the result for the continuing operations they have also been excluded.

52 week period to 30 March 2019	UK B&M £'000	UK Heron £'000	France Babou £'000	Corporate £'000	Continuing Total £'000
Revenue	2,789,431	354,057	129,144	-	3,272,632
EBITDA (note 4)	296,398	19,923	5,596	3,131	325,048
EBITDA (IFRS 16) (note 4)	436,263	29,450	18,843	3,131	487,687
Depreciation and amortisation	(133,647)	(18,497)	(16,029)	(2)	(168,175)
Net finance expense	(46,501)	(2,614)	(3,434)	(22,634)	(75,183)
Income tax (expense)/credit	(48,959)	(1,602)	110	1,231	(49,220)
Segment profit/(loss)	207,156	6,737	(510)	(18,274)	195,109
Total assets	2,487,954	275,161	304,192	41,284	3,108,591
Total liabilities	(1,139,225)	(114,373)	(213,387)	(754,424)	(2,221,409)
Capital expenditure*	(63,394)	(15,432)	(2,626)	(19,590)	(101,042)

* includes capital expenditure on intangible assets. The reconciling figure between the total and the figure given in the statement of cash flows is the capital expenditure at Jawoll in the year, see note 7.

Revenue is disaggregated geographically as follows;

	52 weeks ended	52 weeks ended
Period to	28 March	30 March
	2020	2019
	£'000	£'000
Continuing operations		
Revenue due to UK operations	3,530,011	3,143,488
Revenue due to French operations	283,376	129,144
Overall revenue	3,813,387	3,272,632

The Group operates a small wholesale operation, with the relevant disaggregation of revenue as follows;

	52 weeks ended	52 weeks ended
Period to	28 March	30 March
	2020	2019
	£'000	£'000
Continuing operations		
Revenue due to sales made in stores	3,777,238	3,249,049
Revenue due to wholesale activities	36,149	23,583
Overall revenue	3,813,387	3,272,632

4 Reconciliation of non-IFRS measures from the statement of comprehensive income

EBITDA, Adjusted EBITDA and Adjusted Profit are non-IFRS measures and therefore reconciliations from the statement of comprehensive income are set out below.

The foreign exchange difference on our acquisition facility loan has been included for the first time as an adjusting item in these accounts. This is because the loan has been specifically drawn to cover costs associated with a Group project. Our March 2019 adjusted EBITDA has been restated to reflect this.

	52 weeks ended	Restated
Period to	28 March	30 March
	2020	2019
	£'000	£'000
Continuing operations		
Profit on ordinary activities before interest and tax	333,691	319,512
Add back depreciation and amortisation	203,419	168,175
EBITDA (IFRS 16)	537,110	487,687
Exclude effects of IFRS 16 on administrative costs	(154,133)	(162,639)
EBITDA	382,977	325,048
Reverse the fair value effect of ineffective derivatives	(641)	(5,707)
Foreign exchange on intercompany balances	(3,694)	2,799
Foreign exchange on acquisition facility	3,334	(2,978)
Gain on sale and leaseback of the Bedford warehouse	(48,984)	-
Direct effects of the closure of the French stores due to Covid-19	9,315	-
Remove costs associated with the acquisition of Heron	-	425
Adjusted EBITDA	342,307	319,587
Pre-IFRS 16 depreciation and amortisation	(57,684)	(44,997)
Net adjusted finance costs (see note 6)	(24,596)	(22,192)
Adjusted profit before tax	260,027	252,398
Adjusted tax	(57,048)	(49,739)
Adjusted profit for the period	202,979	202,659
Attributable to owners of the parent	202,979	202,659

Adjusted EBITDA (IFRS 16) and Adjusted Profit (IFRS 16) are calculated as follows. These are the statements of adjusted profit that includes the effects of IFRS 16.

Period to	52 weeks ended 28 March 2020 £'000	52 weeks ended 30 March 2019 £'000
Continuing operations		
Adjusted EBITDA (above)	342,307	319,587
Include other effects of IFRS 16 on EBITDA	154,133	162,639
Exclude the effect of IFRS 16 on the gain on the Bedford transaction	32,052	-
Adjusted EBITDA (IFRS 16)	528,492	482,226
Depreciation and amortisation	(203,419)	(168,175)
Interest costs related to right-of-use assets (note 6)	(57,206)	(52,040)
Net adjusted other finance costs	(24,596)	(22,192)
Adjusted profit before tax (IFRS 16)	243,271	239,819
Adjusted tax	(56,372)	(51,921)
Adjusted profit for the period (IFRS 16)	186,899	187,898

Adjusting items are the effects of derivatives, one off refinancing fees, foreign exchange on the translation of intercompany balances and the effects of revaluing or unwinding balances related to the acquisition of subsidiaries. Significant project costs or gains or losses arising from unusual circumstances or transactions may also be included if incurred, such as this year with the gain on the sale and leaseback of the Bedford warehouse and the direct loss incurred at Babou due to the closure of their stores during the pandemic. Adjusted tax represents the tax charge per the statement of comprehensive income as adjusted only for the effects of the adjusting items detailed above.

The segmental split in EBITDA (IFRS 16) and Adjusted EBITDA (IFRS 16) reconciles as follows;

52 week period to 28 March 2020	UK B&M £'000	UK Heron £'000	France Babou £'000	Corporate £'000	Total £'000
Continuing operations					
Profit/(loss) before interest and tax	318,209	15,847	(7,145)	6,780	333,691
Add back depreciation and amortisation	148,946	19,109	35,357	7	203,419
EBITDA (IFRS 16)	467,155	34,956	28,212	6,787	537,110
Adjusting items detailed above	-	-	-	(40,670)	(40,670)
IFRS 16 adjustment to gain at Bedford	-	-	-	32,052	32,052
Adjusted EBITDA	467,155	34,956	28,212	(1,831)	528,492
52 week period to 30 March 2019	UK B&M £'000	UK Heron £'000	France Babou £'000	Corporate £'000	Total £'000
Continuing operations					
Profit before interest and tax	302,616	10,953	2,814	3,129	319,512
Add back depreciation and amortisation	133,647	18,497	16,029	2	168,175
EBITDA	436,263	29,450	18,843	3,131	487,687
Adjusting items detailed above	-	-	-	(5,461)	(5,461)
Adjusted EBITDA	436,263	29,450	18,843	(2,330)	482,226

Adjusted EBITDA and related measures are not measures of performance or liquidity under IFRS and should not be considered in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

5 Operating profit

The following items have been charged in arriving at operating profit from continuing operations;

Period ended	52 weeks ended	52 weeks ended
	28 March	30 March
	2020	2019
	£'000	£'000
Auditor's remuneration	722	348
Payments to auditors in respect of non-audit services:		
Taxation advisory services	-	-
Other assurance services	10	7
Other professional services	-	-
Cost of inventories recognised as an expense (included in cost of sales)	2,530,579	2,152,403
Depreciation of owned property, plant and equipment:	52,366	41,294
Amortisation (included within administration costs)	2,433	1,976
Depreciation of right of use assets	148,620	124,905
Operating lease rentals	4,479	4,839
(Gain)/loss on sale of property, plant and equipment	(163)	568
Gain on sale and leaseback	(16,928)	-
Loss/(gain) on foreign exchange	660	(7,986)

The prior year figures have been restated in respect of the Group's first time application of IFRS 16, for the reclassification of the Germany Jawoll segment as a discontinued operation and for the results of the final purchase price allocation exercise for Babou.

6 Finance costs and finance income

Finance costs include all interest related income and expenses. The following amounts have been included in the continuing profit line for each reporting period presented:

Period ended	52 weeks to	52 weeks to
	28 March	30 March
	2020	2019
	£'000	£'000
Continuing operations		
Interest on debt and borrowings	(22,732)	(20,699)
Ongoing amortisation of finance fees	(2,077)	(1,862)
Total adjusted finance expense	(24,809)	(22,561)
Unwinding of deferred acquisition costs for subsidiaries	-	(1,667)
Total other finance expense	(24,809)	(24,228)
Finance costs on lease liabilities	(57,206)	(52,040)
Total finance expense	(82,015)	(76,268)

The finance expense reconciles to the statement of cash flows as follows;

Period ended	52 weeks to	52 weeks to
	28 March	30 March
	2020	2019
	£'000	£'000
Cash		
Finance costs paid in relation to debt and borrowings	23,957	21,476
Finance costs paid in relation to right of use assets	63,790	58,544
Finance costs paid	87,747	80,020
Finance costs paid for debt and borrowings within discontinued operations	(1,350)	(302)
Finance costs paid for right of use assets within discontinued operations	(6,584)	(6,504)
Finance costs paid for within continuing operations	79,813	73,214
Non cash		
Movement of accruals in relation to debt and borrowings	125	(475)
Amortisation of finance fees	2,077	1,862
Unwinding of deferred acquisition costs for subsidiaries	-	1,667
Total finance expense within continuing operations	82,015	76,268

Period ended	52 weeks to 28 March 2020 £'000	52 weeks to 30 March 2019 £'000
Interest income on loans and bank accounts	213	369
Total adjusted finance income	213	369
Gain on revaluing deferred consideration in respect of Heron	134	716
Total finance income	347	1,085

Total net adjusted finance costs are therefore;

Period ended	52 weeks to 28 March 2020 £'000	52 weeks to 30 March 2019 £'000
Total adjusted finance expense	(24,809)	(22,561)
Total adjusted finance income	213	369
Total net adjusted finance costs	(24,596)	(22,192)

The prior year figures have been restated in respect of the Group's first time application of IFRS 16 and for the reclassification of the Germany Jawoll segment as a discontinued operation.

7 Business disposal

On 27 March 2020 the Group announced the disposal of J.A. Woll-Handels GmbH and their subsidiaries ("Jawoll"), therefore forming a disposal group, for a consideration of €12,501k, comprising €12,500k to repay intercompany balances and £1k for the enterprise value of the business. Jawoll has therefore not been consolidated since this date.

As such their results have been reclassified in the statement of comprehensive income as discontinued operations under the definition given in IFRS 5. The prior year results have therefore also been restated to reflect this new classification.

The consideration receivable breaks down as follows;

	£'000	€'000
Deferred receivable against the intercompany loan balance	8,948	10,000
Receivable immediately against the intercompany trade receivable balance	2,237	2,500
Receivable against the transfer of the share capital	1	1
Total	11,186	12,501
Deferred consideration	(8,948)	(10,000)
Overdraft released on disposal	726	811
Amount related to the disposal as disclosed on the statement of cash flows	2,964	3,312

The €10m deferred receivable is due in December 2020 or earlier, and is contingent against Jawoll remaining a going concern as at that date. Management consider that this is highly probable and have therefore recognised the full €10m, see note 1.

The loss on discontinued operations disclosed in the statement of comprehensive income comprised the following;

Period ended	52 weeks to 28 March 2020 £'000	52 weeks to 30 March 2019 £'000
Revenue	210,662	213,663
Impairment expense recognised in September 2019	(59,533)	-
Other expenses	(240,224)	(222,906)
Loss before tax	(89,095)	(9,243)

Income tax (expense)/credit	(1,721)	5,268
Loss from discontinued operations before disposal	(90,816)	(3,975)
Loss on disposal	(23,106)	-
Tax charge on disposal	-	-
Loss from discontinued operations	(113,922)	(3,975)
Attributable to non-controlling interests	(9,172)	(2,717)
Attributable to owners of the parent	(104,750)	(1,258)

At the half year the Group carried out an impairment review in respect to Jawoll with the result that the above £59.5m impairment was recognised. A further £23.1m loss has been recognised on disposal.

Jawoll had no other comprehensive income in the period other than to recognise the change in the foreign exchange reserve which was the release of the full amount relating to Jawoll, a charge of £3,053k.

The net cash flows of the disposed entity break down as follows;

Period ended	52 weeks to 28 March 2020 £'000	52 weeks to 30 March 2019 £'000
Net cash flows from operating activities	3,015	(22,259)
Net cash flows from investing activities	(3,033)	(4,910)
Net cash flows from financing activities	(2,487)	24,070
Net decrease in cash and cash equivalents	(2,505)	(3,099)

Specifically, Jawoll spent £3,029k on capital additions in the year (2019: £4,927k) and this is therefore the balancing number between the segment analysis cash flow in note 3, and that given on the statement of cash flows.

The equity balances held in non-controlling interests and the call/put reserve were entirely related to the Jawoll entities and have therefore been derecognised on the date of this transaction. The remaining balances have been recycled through to the retained earnings reserve, see the statement of changes in equity.

On 6 March 2020 the business Bedford DC Investments Ltd was disposed by the Group as part of a sale and leaseback transaction. The entity had no significant profit or loss items except those that related directly to the sale & leaseback transaction and therefore no further disclosures have been made related to the discontinued operation. Further disclosures relating to the sale and leaseback transaction are included in note 17.

8 Business acquisition

In the prior year, on 19 October 2018, the Group acquired Paminvest SAS a discount general merchandise retailer group operating under the trading name Babou in France (“Babou”). As part of the same transaction the Group acquired the third party distribution service provider to Babou and these operations were immediately brought into the Paminvest group. The exchange rate on the acquisition date was 1.1346€/£.

A final review of the fair values of the identifiable assets and liabilities has been carried out within the year, with the result that, due to information available after the prior year end which reflected circumstances at the acquisition date, an additional €6m goodwill has been recognised in relation to a write-down of inventory.

Whilst all other fair values remain unchanged from the provisional figures given in the 2019 Annual Report, we have restated acquisition assets and liabilities to incorporate IFRS 16. This change includes reclassifying the previously recognised favourable, unfavourable and finance lease balances and recognising a right-of-use asset balance and related lease liabilities. The IFRS 16 restatement is net assets neutral overall and therefore this has had no overall impact on the net assets figure and goodwill acquired.

The fair values of the identifiable assets and liabilities acquired have therefore been finalised as:

Assets	€'000
Babou brand asset (10 year life)	4,690

Other intangible assets	1,402
Property, plant and equipment	27,591
Right of use assets	166,353
Inventories	77,280
Corporation and deferred tax	2,671
Receivables and other assets	18,087
Cash	4,038
Total assets	302,112
Liabilities	
Creditors and accruals	(64,947)
Lease liabilities	(164,537)
Bank loans	(12,488)
Total liabilities	(241,972)
Net assets acquired	60,140
Fair value of consideration	90,130
Goodwill recognised on acquisition	29,990

This is an increase from the estimated goodwill of €24.0m recognised at the 2019 year end.

None of the receivables recognised were considered irrecoverable at the acquisition date.

Fees of £0.4m were incurred during the acquisition all of which have been expensed through the P&L, and which are treated as adjusting for the purposes of note 4.

The goodwill (which translates to £26.4m on the acquisition date) largely relates to the growth potential of the business, the current location of the stores and the existing workforce. None of the elements which make up goodwill can, or are not material enough to be recognised as a separate intangible asset.

The effect the acquisition has had on the consolidated statement of comprehensive income can be seen in the segment note (note 3). Had the company been bought at the start of the prior year it would have contributed an estimated extra €162.3m to the prior year revenue and €2.8m to the prior year operating profit under their local accounting policies (French GAAP, on the basis that it was not practical to translate to IFRS). These translate to £143.1m and £2.5m at the exchange rate used for the Group consolidated statement of comprehensive income.

The balance on the consolidated statement of cash flows reconciles as follows:

	€'000	£'000
Initial cash consideration	90,130	79,438
Cash acquired	(4,038)	(3,559)
Net cash for acquisitions	<u>86,092</u>	<u>75,879</u>

9 Employee remuneration

Expense recognised for employee benefits is analysed below:

Period ended	52 weeks to	52 weeks to
	28 March	30 March
	2020	2019
	£'000	£'000
Continuing operations		
Wages and salaries	394,894	352,291
Social security costs	21,390	18,356
Pensions - defined contribution plans	5,359	3,308
	<u>421,643</u>	<u>373,955</u>

There are £526k of defined contribution pension liabilities owed by the Group at the period end (2019: £116k).

As at 30 March 2019, the Group had one employee who is a member of a defined benefit scheme with the liability held on the balance sheet at £245k. This scheme was run by the discontinued operation and as such there are no defined benefit schemes within the Group as at 28 March 2020.

The scheme was considered immaterial to the Group and the effect of the prior year end actuarial valuation can be seen within other comprehensive income.

Babou operates a scheme where they must provide a certain amount per employee to pay upon their retirement date. The accrual on this scheme was £1,226k (2019: £1,174k) at the year end.

The average monthly number of persons employed by the Group's continuing operations during the period was:

Period ended	52 weeks to 28 March 2020	52 weeks to 30 March 2019
Continuing operations		
Sales staff	33,437	31,086
Administration	769	683
	<u>34,206</u>	<u>31,769</u>

10 Key management remuneration

Key management personnel and Directors' remuneration includes the following:

Period ended	52 weeks to 28 March 2020 £'000	52 weeks to 30 March 2019 £'000
Directors' remuneration:		
Short term employee benefits	2,040	2,204
Benefits accrued under the share option scheme	298	219
	<u>2,338</u>	<u>2,423</u>
Key management expense (includes Directors' remuneration):		
Short term employee benefits	4,678	4,440
Benefits accrued under the share option scheme	524	328
Pension	38	36
	<u>5,240</u>	<u>4,804</u>
Amounts in respect of the highest paid director emoluments:		
Short term employee benefits	1,069	1,212
Benefits accrued under the share option scheme	181	84
	<u>1,250</u>	<u>1,296</u>

The emoluments disclosed above are of the directors and key management personnel who have served as a director within any of the continuing Group companies and the prior year figures have been restated to exclude the key management associated with the discontinued operation.

11 Share Options

The Group operates three equity settled share option schemes which split down to various tranches. Details of these schemes follow.

1) The Company Share Option Plan (CSOP) scheme

The CSOP scheme was adopted by the Group as a Schedule 4 CSOP Scheme on 29 March 2014. No grant under this scheme can be made more than 10 years after this date.

Eligibility

Employees and executive directors of the Group are eligible for the CSOP and the awards are made at the discretion of the remuneration committee.

Limits & Pricing

A fixed number of options are offered to each participant, with the pricing set as the close price on the grant date. The options offered to each individual cannot exceed a total value of £30,000 measured as the option price multiplied by the number of options awarded, with the whole scheme limited to 10% of the share capital in issue.

Vesting & Exercise

The awards vest on the third anniversary of grant, subject to the following condition:

In order for an option to be eligible for vesting, the underlying UK EBITDA in the last financial year that ended prior to the third anniversary of the grant should not be less than 130% of the underlying UK EBITDA in the last financial year that ended before the grant was made.

Once vested the award can be exercised up until the tenth anniversary of the grant.

Tranches

To the end of March 2020 there have been four tranches of the CSOP, details are as follows:

	Tranche 1	Tranche 3	Tranche 4
Date of grant	1 Aug 2014	17 Dec 2015	19 Aug 2016
Option price	271.5p	286.0p	276.8p
Options granted	596,646	10,489	21,676
Fair value of each option at date of grant	83p	79p	50p
Options outstanding at 31 March 2018	11,049	10,489	21,676
Lapsed	-	(10,489)	-
Options outstanding at 30 March 2019	11,049	-	21,676
Exercised	-	-	(21,676)
Options outstanding at 28 March 2020	11,049	-	-

No options remained on Tranche 2 as at 31 March 2018.

2) Long-Term Incentive Plan (LTIP) Awards

The LTIP was adopted by the board on 29 May 2014. No grant under this scheme can be made more than 10 years after this date.

Eligibility

Employees and executive directors of the Group are eligible for the LTIP and the awards are made at the discretion of the remuneration committee.

Limits & Pricing

A fixed number of options are offered to each participant, with the pricing set at £nil. The options offered to each individual cannot exceed a total value of 100% (200% under exceptional circumstances) of the participants base salary where the value is measured as the market value of the shares on grant multiplied by the number of options awarded, with the whole scheme limited to 10% of the share capital in issue.

Dividend Credits

All participants in any LTIP awards granted after 1 April 2018 are entitled to a dividend credit where the notional dividend they would have received on the maximum number of shares available under their award is converted into new share options and added to the award based upon the share price on the date of the dividend. These additional awards have been reflected in the tables below.

Vesting & Exercise

The share options vest on the third anniversary of the grant date, subject to a set of conditions as follows:

LTIP 2015, 2016, 2017A, 2018A, 2019A:

- 50% of the awards are subject to a TSR performance condition, where the Group's TSR over the vesting period is compared with a comparator group. The awards vest on a sliding scale where the full 50% is awarded if the Group falls in the upper quartile, 12.5% vests if the Group falls exactly at the median, and 0% below that.
- 50% of the awards are subject to a Diluted EPS performance target. The awards vest on a sliding scale based upon the Earnings per share as follows:

Award	EPS as at	50% paid at	12.5% paid at
LTIP 2015	March-18	19.0p	15.0p
LTIP 2016	March-19	22.5p	17.5p
LTIP 2017A	March-20	24.0p	19.0p
LTIP 2018A	March-21	28.0p	23.0p
LTIP 2019A	March-22	33.0p	27.0p

Below the 12.5% boundary, no options vest. Diluted EPS is considered to be on frozen GAAP and so does not include the effects of IFRS 16.

After these schemes have vested they are subject to a two year holding period before they can be exercised.

LTIP 2017/B1, 2017/B2, 2018/B1, 2018/B2, 2019/B1, 2019/B2:

- Group EBITDA must be positive in each year of the LTIP.
- The awards also have an employee performance condition attached.

Vested awards can be exercised up to the tenth anniversary of grant.

Tranches

To the end of March 2020 there have been several awards of the LTIP, with the details as follows.

Note that the LTIP 2015, LTIP 2016, LTIP 2017A and LTIP 2018A have been split into the element subject to the TSR (50%) and the element subject to the EPS (50%) since these were valued separately.

LTIP 2014 had no outstanding options as at 31 March 2018.

The key information used in the valuation of these tranches is as follows;

Scheme	Date of Grant	Original Options Granted	Fair Value of each option	Risk Free Rate	Expected Life (years)	Volatility
2015-TSR	5 Aug 15	40,616	210p	0.92%	5	24%
2015-EPS	5 Aug 15	40,616	341p	0.92%	5	24%
2016-TSR	18 Aug 16	122,385.5	164p	0.09%	5	26%
2016-EPS	18 Aug 16	122,385.5	254p	0.09%	5	26%
2017A-TSR	7 Aug 17	40,610	272p	0.52%	5	32%
2017A-EPS	7 Aug 17	40,610	351p	0.52%	5	32%
2018A-TSR	22 Aug 18	226,672.5	240p	0.97%	5	29%
2018A-EPS	22 Aug 18	226,672.5	409p	0.97%	5	29%
2019A-TSR	22 Aug 19	275,640.5	251p	0.37%	5	31%
2019A-EPS	22 Aug 19	275,640.5	361p	0.37%	5	31%
2017/B1	7 Aug 17	287,963	361p	0.25%	3	32%
2017/B2	14 Aug 17	101,654	360p	0.25%	3	32%
2018/B1	23 Jan 18	19,264	400p	0.25%	3	32%
2018/B2	20 Aug 18	236,697	406p	0.25%	3	30%
2019/B1	20 Aug 19	369,061	348p	0.47%	3	30%
2019/B2	18 Sep 19	2,678	373p	0.47%	3	30%

Scheme	Options at 30 Mar 19	Granted	Dividend Credit	Forfeited	Exercised	Options at 28 Mar 20
2015-TSR	40,616*	-	-	-	-	40,616*
2015-EPS	31,477*	-	-	-	-	31,477*
2016-TSR	122,385.5	-	-	-	-	122,385.5*
2016-EPS	122,385.5	-	-	(51,403)	-	70,982.5*

2017A-TSR	40,610	-	-	-	-	40,610
2017A-EPS	40,610	-	-	-	-	40,610
2018A-TSR	226,672.5	-	18,046	-	-	244,718.5
2018A-EPS	226,672.5	-	18,046	-	-	244,718.5
2019A-TSR	-	255,640.5	16,282	-	-	271,922.5
2019A-EPS	-	255,640.5	16,282	-	-	271,922.5
2017/B1	263,855	-	-	-	-	263,855
2017/B2	93,629	-	-	-	-	93,629
2018/B1	16,856	-	-	-	-	16,856
2018/B2	227,304	-	18,093	-	-	245,397
2019/B1	-	369,061	23,460	-	-	392,521
2019/B2	-	2,678	169	-	-	2,847

Scheme	Options at 31 Mar 18	Granted	Dividend Credit	Forfeited	Exercised	Options at 30 Mar 19
2015-TSR	40,616	-	-	-	-	40,616*
2015-EPS	40,616	-	-	(9,139)	-	31,477*
2016-TSR	122,385.5	-	-	-	-	122,385.5
2016-EPS	122,385.5	-	-	-	-	122,385.5
2017A-TSR	40,610	-	-	-	-	40,610
2017A-EPS	40,610	-	-	-	-	40,610
2018A-TSR	-	224,914.5	1,758	-	-	226,672.5
2018A-EPS	-	224,914.5	1,758	-	-	226,672.5
2017/B1	271,891	-	-	(8,036)	-	263,855
2017/B2	101,654	-	-	(8,025)	-	93,629
2018/B1	19,264	-	-	(2,408)	-	16,856
2018/B2	-	236,697	1,797	(11,190)	-	227,304

* These share options have vested and are in a two year holding period.

3) Deferred Bonus Share Plan (DBSP) Awards

The Deferred Bonus Share Plan differs from the other awards in that there are no vesting conditions.

The scheme has been set up in order to allocate 1/3rd of the executive directors annual bonus into nil price share options which are then placed in holding for three years.

As there are no vesting conditions, these awards have been valued at the amount of the bonus to be converted into share options under the scheme.

The total fair value of the 2019 scheme was £217k to be released over the three year holding period.

There has been one award under the scheme. The 2020 award will be made after this set of statutory accounts has been published, and will therefore be reported in the next annual report.

Scheme	Options at 30 Mar 19	Granted	Dividend Credit	Forfeited	Exercised	Options at 28 Mar 20
2019 Bonus allocation	-	56,512	4,496	-	-	61,008

The summary year end position is as follows;

Period ended	28 March 2020	30 March 2019
Share options outstanding at the start of the year	1,485,798	843,246
Share options granted during the year (including via dividend credit)	1,054,406	691,839
Share options forfeited or lapsed during the year	(51,403)	(49,287)
Share options exercised in the year	(21,676)	-
Share options outstanding at the end of the year	2,467,125	1,485,798
Of which;		
Share options that are not vested	2,129,607	1,402,656
Share options that are vested, but are not eligible for exercise (in holding)	326,469	72,093
Share options that are vested and eligible for exercise	11,049	11,049

All exercised options are satisfied by the issue of new share capital.

In the year, £1,422k has been charged to the consolidated statement of comprehensive income in respect to the share option schemes (2019: £954k). At the end of the year the outstanding share options had a carrying value of £3,155k (2019: £1,733k).

12 Taxation

A UK corporation tax rate of 19% was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax balances at the period end have been calculated at 19%.

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 19% (2019: 19%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

Period ended	52 weeks to 28 March 2020 £'000	52 weeks to 30 March 2019 £'000
Continuing operations		
Current tax expense	60,889	50,897
Deferred tax credit	(3,643)	(1,677)
Total tax expense recorded in continuing operations profit and loss	<u>57,246</u>	<u>49,220</u>
Deferred tax charge in other comprehensive income	1,383	3,479
Total tax charge recorded in other comprehensive income	<u>1,383</u>	<u>3,479</u>
Result for the year before tax due to continuing operations	252,023	244,329
Expected tax charge at the standard tax rate	47,885	46,423
Effect of:		
Expenses not deductible for tax purposes	11,559	3,632
Income not taxable	(1,925)	(1,163)
Lease accounting	873	410
Foreign operations taxed at local rates	(2,495)	(81)
Changes in the rate of corporation tax	386	(58)
Adjustment in respect of prior years	322	(108)
Hold over gains on fixed assets	430	-
Other	211	165
Actual tax expense	<u>57,246</u>	<u>49,220</u>

Deferred taxation

Statement of financial position	28 March 2020 £'000	30 March 2019 £'000
Accelerated tax depreciation	(3,029)	(3,250)
Relating to intangible brand assets	(21,589)	(20,955)
Fair valuing of assets and liabilities (asset)	12	272
Fair valuing of assets and liabilities (liability)	(3,474)	(1,801)
Effects of lease accounting	21,008	17,226
Movement in provision	1,349	1,308
Relating to share options	521	360
Held over gains on fixed assets	(834)	(450)
Losses carried forward	-	4,501
Other temporary differences (asset)	98	84
Other temporary differences (liability)	(82)	(66)
Net deferred tax liability	<u>(6,020)</u>	<u>(2,771)</u>
Analysed as;		
Deferred tax asset	22,988	23,751

Deferred tax liability	(29,008)	(26,522)
	52 weeks to 28 March 2020 £'000	52 weeks to 30 March 2019 £'000
Statement of comprehensive income		
Accelerated tax depreciation	220	(26)
Relating to intangible brand assets	(2,057)	(62)
Fair valuing of assets and liabilities	(3,061)	(4,635)
Lease accounting	7,386	2,583
Movement in provision	(6)	328
Relating to share options	161	153
Held over gains on fixed assets	(384)	-
Other temporary differences	1	(40)
Effect of foreign exchange	-	(103)
Net deferred tax credit/(charge)	2,260	(1,802)
Analysed as;		
Total deferred tax credit in profit or loss due to continuing operations	3,643	1,677
Total deferred tax charge in other comprehensive income	(1,383)	(3,479)

The prior year schedules have been restated due to the impact of the first time application of IFRS 16 and the reclassification of the Germany Jawoll results to discontinued operations

There were £9.6m of unrecognised deferred tax assets in relation to losses carried forward within the Group at the period end (2019: £nil).

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

13 Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit or loss for the financial period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at each period end.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during each year plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares.

Adjusted (and adjusted (IFRS 16)) basic and diluted earnings per share are calculated in the same way as above, except using adjusted profit attributable to ordinary equity holders of the parent, as defined in note 4.

The prior year figures have been restated in regards to the first time inclusion of IFRS 16 and the reclassification of Jawoll as a discontinued operation.

There are share option schemes in place (see note 11) which have a dilutive effect on both periods presented. The following reflects the income and share data used in the earnings per share computations:

Period ended	28 March 2020 £'000	30 March 2019 £'000
Continuing operations		
Profit for the period attributable to owners of the parent	194,777	195,109
Adjusted profit for the period attributable to owners of the parent	202,979	202,659
Adjusted (IFRS 16) profit for the period attributable to owners of the parent	186,899	187,898
Discontinued operations		

Loss for the period attributable to owners of the parent	<u>(104,750)</u>	<u>(1,258)</u>
All operations		
Profit for the period attributable to owners of the parent	<u>90,027</u>	<u>193,851</u>
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	1,000,570	1,000,561
Dilutive employee share options	698	453
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>1,001,268</u>	<u>1,001,014</u>
Continuing operations	Pence	Pence
Basic earnings per share	19.5	19.5
Diluted earnings per share	19.5	19.5
Adjusted basic earnings per share	20.3	20.2
Adjusted diluted earnings per share	20.3	20.2
Adjusted IFRS 16 basic earnings per share	18.7	18.8
Adjusted IFRS 16 diluted earnings per share	<u>18.7</u>	<u>18.8</u>
Discontinued operations	Pence	Pence
Basic loss per share	(10.5)	(0.1)
Diluted loss per share	<u>(10.5)</u>	<u>(0.1)</u>
All operations	Pence	Pence
Basic earnings per share	9.0	19.4
Diluted earnings per share	<u>9.0</u>	<u>19.4</u>

14 Investments in associates

	28 March	30 March
Period ended	2020	2019
	£'000	£'000
Net book value		
Carrying value at the start of the period	6,920	5,140
Acquisition of holding in Centz Retail Holdings	-	1,200
Dividends received	(2,580)	(570)
Share of profits in associates since the prior year valuation exercise	879	775
Effect of foreign exchange on translation	481	375
Carrying value at the end of the period	<u>5,700</u>	<u>6,920</u>

In the prior year, on 19 November 2018, the Group acquired a 22.5% holding in Centz Retail Holdings Limited, “Centz”, a company incorporated in Ireland, for €1,350,000. The principal activity of the company is retail sales and their registered address is 5 Old Dublin Road, Stillorgan, Co. Dublin.

The Group has a 50% interest in Multi-lines International Company Ltd, “Multi-Lines”, a company incorporated in Hong Kong. The principal activity of the company is the purchase and sale of goods and their registered address is 8/F, Hope Sea Industrial Centre, No. 26 Lam Hing Street, Kowloon Bay, Hong Kong.

The Group also holds 20% of the ordinary share capital of Home Focus Group Ltd, a company incorporated in Republic of Ireland and whose principal activity is retail sales and their registered address is Boole House, Beech Hill Office Campus, Beech Hill Road, Clonskeagh, Dublin 4.

There have been no changes in the percentage ownership over the presented years. The 20% holding in Home Focus Group Ltd is contracted to be sold in December 2020 for €350k. Home Focus Group is therefore immaterial for further disclosure.

None of the entities have discontinued operations or other comprehensive income, except that on consolidation all entities have a foreign exchange translation difference.

Period ended	28 March 2020 £'000	30 March 2019 £'000
Multi-lines		
Non-current assets	2,417	2,344
Current assets	74,702	50,045
Non-current liabilities	-	-
Current liabilities	(67,688)	(39,577)
Net assets	<u>9,431</u>	<u>12,812</u>
Revenue	221,145	160,903
Profit	<u>969</u>	<u>1,562</u>
Period ended	28 March 2020 £'000	30 March 2019 £'000
Centz		
Non-current assets	9,941	5,281
Current assets	12,447	5,743
Non-current liabilities	(8,834)	(3,968)
Current liabilities	(9,225)	(4,570)
Net assets	<u>4,329</u>	<u>2,486</u>
Revenue	30,305	-
Profit	<u>1,719</u>	-

The figures for Multi-lines show 12 months to December 2019 (2019: 12 months to December 2018), being the period used in the valuation of the associate.

The figures for Centz also show 12 months to December 2019, although there are no prior year profit and loss figures for Centz Retail Holdings Limited as this is the first full year of ownership.

15 Intangible assets

	Goodwill £'000	Software £'000	Brands £'000	Other £'000	Total £'000
Cost or valuation					
At 31 March 2018	929,718	7,251	116,043	1,514	1,054,526
Additions due to purchase of Babou	21,281	139	4,134	1,096	26,650
Additions	-	2,404	250	-	2,654
Disposals	-	(51)	-	-	(51)
Effect of retranslation	(1,393)	(28)	(214)	(59)	(1,694)
At 30 March 2019	949,606	9,715	120,213	2,551	1,082,085
Recalculation of acquired goodwill (note 8)	5,151	-	-	-	5,151
At 30 March 2019	954,757	9,715	120,213	2,551	1,087,236
Additions	-	1,361	-	-	1,361
Disposal of Jawoll	(35,367)	(1,108)	(5,324)	(1,545)	(43,344)
Other disposals	-	(12)	-	-	(12)
Effect of retranslation	2,521	54	385	107	3,067
At 28 March 2020	921,911	10,010	115,274	1,113	1,048,308
Accumulated amortisation / impairment					
At 31 March 2018	-	2,575	13	1,258	3,846
Charge for the year	-	1,854	227	77	2,158
Disposals	-	(41)	-	-	(41)
Effect of retranslation	-	(11)	(5)	(27)	(43)
At 30 March 2019	-	4,377	235	1,308	5,920
Charge for the year	-	2,187	355	26	2,568
Impairment of Jawoll	35,112	611	5,286	154	41,163
Disposal of Jawoll	(35,367)	(1,095)	(5,324)	(1,545)	(43,331)
Other disposals	-	(12)	-	-	(12)
Effect of retranslation	255	27	54	57	393
At 28 March 2020	-	6,095	606	-	6,701
Net book value at 28 March 2020	921,911	3,915	114,668	1,113	1,041,607
Net book value at 30 March 2019	954,757	5,338	119,978	1,243	1,081,316

Prior year goodwill has been restated as a result of the finalisation of the purchase price allocation exercise for Babou, see note 8.

Amortisation breaks down as follows:

	28 March 2020 £'000	30 March 2019 £'000
As at		
Amortisation of intangible assets in continuing operations	2,433	1,976
Amortisation of intangible assets in discontinued operations	135	182
Amortisation of intangible assets	2,568	2,158

For more information in respect of the disposal of Jawoll, see note 7.

Impairment review of intangible assets held with indefinite life

The Group holds the following assets with indefinite life:

Segment	28 March 2020 Goodwill £'000	28 March 2020 Brand £'000	30 March 2019 Goodwill £'000	30 March 2019 Brand £'000
UK B&M	807,496	95,900	807,496	95,650
UK Heron	87,580	14,178	87,580	14,178
Germany Jawoll	-	-	33,934	5,108
France Babou	26,834	-	25,747	-

Not all items in the brand classification have an indefinite life as some are time limited. The brand intangible assets that have been identified as having an indefinite life are designated as such as management believe that these assets will hold their value for an indefinite period of time. Specifically the B&M and Heron brands represent leading brands in their sectors with significant histories and growth prospects.

In each case the goodwill and brand assets have been allocated to one group of CGUs, being the store estate within the specific segment to which those assets relate. The Babou assets were a new addition in the prior year and the Jawoll assets have been disposed during the year, see notes 7 and 8.

The Group performs impairment tests at each period end. The impairment test involves assessing the net present value (NPV) of the expected cash flows in relation to the stores within each CGU according to a number of assumptions to calculate the value in use (VIU) for the group of CGUs.

The Babou goodwill is held in Euros, with an underlying balance of €30.0m (2019 restated: €30.0m).

The Jawoll balances were also held in euros with values at March 2019 of €39.5m for goodwill and €6.0m for the brand. The balances were subsequently fully impaired in the year and disposed in March 2020. The disclosures below for Jawoll in this financial year relate to the impairment test undertaken in September 2019 in relation to this entity.

The Jawoll Goodwill and Brand were impaired at the half year, further details are included in a separate section below.

Due to the inclusion of IFRS 16 balances for the first time in the continuing entities, a full review of the calculation and assumptions was carried out by management and the model updated to include additional allocated central costs and central assets as well as working capital and appropriate limits on like for like and terminal growth assumptions.

From this year we will also report the headroom in respect of each segments impairment calculation, and as such this has been included below. The prior year figures have been restated to be on a comparable basis.

The key assumptions used were

- (i) The Group's discount rate, calculated via an internal model.
- (ii) The inflation rate for expenses, which has been based upon the consumer price index for the relevant country.
- (iii) The like for like sales growth, an estimate made by management.
- (iv) A terminal growth rate, an estimate made by management based upon the expected position of the business at the end of the five year forecast period.

The assumptions for the continuing entities were as follows:

As at	28 March 2020	30 March 2019
Discount rate (B&M)	11.7%	10.4%
Discount rate (Heron)	12.4%	10.7%
Discount rate (Babou)	13.0%	12.4%
Inflation rate for costs (B&M & Heron)	2.6%	2.4%
Inflation rate for costs (Babou)	1.5%	1.6%
Like for like sales growth (B&M)	2.6%	2.4%
Like for like sales growth (Heron)	2.6%	2.4%
Like for like sales growth (Babou)	2.4%	1.6%
Terminal growth rate (B&M)	0.5%	0.5%
Terminal growth rate (Heron)	2.6%	2.4%
Terminal growth rate (Babou)	1.5%	1.3%

These assumptions are reflected for five years in the CGU forecasts and beyond this a perpetuity calculation is performed using the assumptions made regarding terminal growth rates.

In each case, the results of the impairment tests on the continuing operations identified that the VIU was in excess of the carrying value of assets within each group of CGUs at the period end dates. The headroom with the base case assumptions in B&M was £2,071m, Heron £143m and Babou €23m (2019: £2,027m, £115m and €59m respectively).

The Babou stores were closed at the year-end date following the French government's lockdown measures in relation to the Covid-19 pandemic, prior to reopening on 11 May 2020. As such they suffered significant losses during this closure period and are expected to incur further losses resulting from the need to clear Spring/Summer stock lines and therefore this is an indication of potential impairment.

In the assumptions regarding the Babou impairment test, the impact of Covid-19 has been included, but the underlying medium and long term health of the business is not expected to be materially impacted. Therefore the like for like and terminal growth rate reflect management's belief in the continued growth of the company after recovery from the provisions necessary during the pandemic.

Given the calculated sensitivities shown below, there are plausible scenarios where an impairment may be required to be made to the Goodwill at Babou in future periods, such as lower than planned like-for-like sales. However, these are considered unlikely by management and can be balanced against for example the likelihood of planned new store openings (which are not permitted to be included as part of the goodwill calculation). Therefore management believe that it is correct to record no impairment at the year end date.

Since the re-opening of stores, the sales performance of the business has been promising and we will continue to monitor the performance with an update planned for the half year review.

No indicators of impairment were noted in the other continuing entities and the sensitivity of the assumptions is set out below with the figures given representing the point at which an impairment will first be recognised for that key assumption, with all other key assumptions held equal.

The 2019 figures have been restated to reflect the new calculation basis as outlined above.

	28 March	30 March
	2020	2019
B&M		
Discount rate	29.3%	27.5%
Inflation rate for expenses	10.5%	10.0%
Like for like sales	(2.9)%	(2.9)%
Terminal growth rate	Not sensitive	(87.0)%
Babou		
Discount rate	15.9%	21.5%
Inflation rate for expenses	3.9%	3.3%
Like for like sales	1.5%	0.4%
Terminal growth rate	(2.4)%	(20.4)%
Heron		
Discount rate	22.5%	17.1%
Inflation rate for expenses	6.6%	5.2%
Like for like sales	(0.3)%	0.3%
Terminal growth rate	(22.0)%	(9.3)%

Jawoll Impairment (September 2019)

Our German business Jawoll continued to underperform against management expectations and had not yet delivered the improvement that was previously expected. As such, it became necessary to carry out a further impairment review at the half year end date in September 2019.

The review considered the projected future performance of the business based on a range of inputs, and was carried out in the segments base currency of the Euro. The key assumptions were as stated in the table below and also there was a key assumption in regards to the abnormal level of logistics costs with some mitigation expected over the period of the projections, but without the logistics costs returning to the original lower level previously experienced by the business.

The assumptions used were as stated below with the usual Group key assumptions used, in addition to the gross margin which was an estimate provided by management based upon the expected rate of recovery of the margin in the business.

As at	September 2019
Discount rate (Jawoll)	12.4%
Inflation rate for costs (Jawoll)	1.4%
Like for like sales growth (Jawoll)	1.0%
Gross margin (Jawoll)	37.5%
Terminal growth rate (Jawoll)	1.4%

The results of the impairment exercise were considered by the Board which concluded that all of the Goodwill and Brand assets should be impaired, as well as other assets within the underperforming stores excluding the assets based at the warehouse which management considered separately supportable.

Associated deferred tax assets and liabilities have been derecognised, and the deferred tax asset carried in relation to the use of future profits has also been derecognised. The right of use assets, previously classified as finance leases, were also provided against.

The total impairment reflects the following adjustments, with the GBP values presented at the rate used to translate the items for the purposes of profit and loss (1.1257€/£, the rate for the statement of financial position was 1.1274€/£), being the prevailing rates for the half year.

	€'000	£'000
Goodwill	39,526	35,112
Brands	5,950	5,286
Software and other intangible assets	861	765
Land & buildings (including £4,940k right of use assets)	6,282	5,581
Other fixed assets	14,398	12,789
Impairment recognised in administrative costs	67,017	59,533
Deferred tax asset	12,717	11,297
Deferred tax liability	(1,710)	(1,519)
Impairment recognised in income tax expense	11,007	9,778
Total impairment	78,024	69,311

The impairment is included in loss from discontinued operations as Jawoll was subsequently disposed in March 2020. See note 7 for more details on the disposal.

16 Property, plant and equipment

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost or valuation				
At 31 March 2018	128,680	8,403	258,039	395,122
Acquisition of Babou	153	63	24,101	24,317
Additions	34,960	5,628	62,727	103,315
Disposals	(174)	(1,140)	(1,991)	(3,305)
Effect of retranslation	(352)	(11)	(1,155)	(1,518)
At 30 March 2019	163,267	12,943	341,721	517,931
Additions	37,041	4,575	81,654	123,270
Disposal of Jawoll	(17,777)	(478)	(24,406)	(42,661)
Other disposals	(97,602)	(1,162)	(20,762)	(119,526)
Effect of retranslation	874	22	2,225	3,121
At 28 March 2020	85,803	15,900	380,432	482,135
Accumulated depreciation and impairment charges				
At 31 March 2018	16,110	1,876	78,555	96,541
Charge for the period	4,037	2,099	38,662	44,798
Disposals	(13)	(668)	(935)	(1,616)
Effect of retranslation	(97)	(4)	(272)	(373)
At 30 March 2019	20,037	3,303	116,010	139,350
Charge for the period	4,546	2,770	46,939	54,255
Impairments	1,193	32	12,757	13,982
Disposal of Jawoll	(6,220)	(167)	(21,973)	(28,360)
Disposals	(449)	(860)	(9,103)	(10,412)
Effect of retranslation	363	7	752	1,122
At 28 March 2020	19,470	5,085	145,382	169,937
Net book value at 28 March 2020	66,333	10,815	235,050	312,198
Net book value at 30 March 2019	143,230	9,640	225,711	378,581

This note has been restated to reflect the transfer of assets held under finance lease into the new category of right-of-use assets, due to the first time adoption of IFRS 16, see note 17.

Depreciation breaks down as follows:

	28 March 2020 £'000	30 March 2019 £'000
As at		
Depreciation of property, plant and equipment in continuing operations	52,366	41,294
Depreciation of property, plant and equipment in discontinued operations	1,889	3,504
Depreciation of property, plant and equipment	<u>54,255</u>	<u>44,798</u>

For more details regarding the impairment and disposal of Jawoll, see notes 7 and 15.

Under the terms of the loan and notes facilities in place at 28 March 2020, fixed and floating charges were held over £66.3m of the net book value of land and buildings, £10.8m of the net book value of motor vehicles and £210.7m of the net book value of the plant, fixtures and equipment. (2019: £130.8m, £9.6m, £190.4m respectively).

A significant sale and leaseback took place in relation to the Bedford warehouse, which was carried at £103.7m on the date of the transaction. See note 17 for more details.

At the year end no assets were under construction (2019: £73.2m within the land and buildings category).

Included within land and buildings is land with a cost of £5.8m (2019: £62.8m) which is not depreciated.

Capital commitments

There were £3.3m of contractual capital commitments not provided within the Group financial statements as at 28 March 2020 (2019: £30.2m). The prior year figures included an estimated £26.3m in relation to the build and fit out of the southern warehouse.

17 Right of use assets

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Net book value				
As at 31 March 2018	850,535	19,970	2,181	872,686
Acquisition of Babou	142,689	34	4,301	147,024
Additions	148,711	6,518	1,891	157,120
Modifications	13,014	-	45	13,059
Disposals	(14,346)	(128)	(129)	(14,603)
Impairment	(131)	-	-	(131)
Depreciation	(124,340)	(6,280)	(2,151)	(132,771)
Foreign exchange	(5,399)	(18)	(94)	(5,511)
As at 30 March 2019	1,010,733	20,096	6,044	1,036,873
Additions	312,880	5,390	5,402	323,672
Modifications	4,202	21	3	4,226
Disposal of Jawoll	(82,459)	(560)	(237)	(83,256)
Other disposals	(41,099)	(129)	(235)	(41,463)
Impairment	(6,838)	-	-	(6,838)
Depreciation	(146,236)	(6,985)	(3,577)	(156,798)
Foreign exchange	10,090	33	79	10,202
As at 28 March 2020	1,061,273	17,866	7,479	1,086,618

Depreciation breaks down as follows:

	28 March 2020 £'000	30 March 2019 £'000
As at		
Right of use asset depreciation in continuing operations	148,620	124,905
Right of use asset depreciation in discontinued operations	8,178	7,866
Right of use asset depreciation	156,798	132,771

The vast majority of the Group's leases are in relation to the property comprising the store and warehouse network for the business. The other leases recognised are trucks, trailers, company cars, manual handling equipment and various fixtures and fittings. The leases are separately negotiated and no subgroup is considered to be individually significant nor to contain individually significant terms.

The Group recognises a lease term appropriate to the business expectation of the term of use for the asset which usually assumes that all extension clauses are taken, and break clauses are not, unless the business considers there is a good reason to recognise otherwise.

At the year end there was one property with a significant unrecognised extension clause for which the Group has full autonomy over exercising in 2040. On the date of recognition of the relevant right of use asset the extension period liability had a net present value of £30.2m. There were no significant unrecognised extension clauses in 2019.

There are no material covenants imposed by our right-of-use leases

In the year the Group expensed £1.8m (2019: £1.9m) in relation to low value leases and £0.3m (2019: £nil) in relation to short term leases for which the Group applied the practical expedient under IFRS 16.

The Group has expensed £22k (2019: £32k) in relation to variable lease payments. The agreements are on-going and future payments are expected to be in-line with those expensed recently.

The Group received £2,226k (2019: £1,129k) in relation to subletting right-of-use assets.

The current and future cashflows for the right-of-use assets are

	28 March 2020 £'000	30 March 2019 £'000
This year	206,443	168,516
Within 1 year	197,842	203,850
Between 1 and 2 years	203,272	197,275
Between 2 and 5 years	513,295	495,552
More than 5 years	712,227	681,351
Total	1,626,636	1,578,028

The change in lease liability reconciles to the figures presented in the consolidated statement of cashflows as follows;

	28 March 2020 £'000	30 March 2019 £'000
Lease liabilities brought forward	1,206,922	1,022,022
Cash		
Repayment of the principal in relation to right of use assets	(142,653)	(109,972)
Payment of interest in relation to right of use assets	(63,790)	(58,544)
Non-cash		
Interest charge (continuing operations)	57,206	52,040
Interest charge (discontinued operations)	6,584	6,504
Acquisition of Babou	-	145,018
Disposal of Jawoll	(93,732)	-
Effects on lease liability relating to lease additions, modifications and disposals	313,727	155,698
Effects of foreign exchange	10,980	(5,843)
Total cash movement in the year	(206,443)	(168,516)
Total non-cash movement in the year	294,765	353,416
Movement in the year	88,322	184,900
Lease liabilities carried forward	1,295,244	1,206,922
Of which current	149,011	150,163
Of which non-current	1,146,233	1,056,759

Discount rates

Where, as in most cases, a discount rate implicit to the lease is not available, discount rates are calculated for each lease with reference to the underlying cost of borrowing available to the business and several other factors specific to the asset.

The selection of discount rates is therefore a management judgement, see note 1. As this is a significant management judgement we have calculated the weighted average discount rates and sensitivity to a 50bps change in the discount rate to the interest charge as follows;

	28 March 2020	30 March 2019
Weighted average discount rate		
Property	5.08%	5.25%
Equipment	3.31%	3.57%
All right of use assets	5.06%	5.22%
Effect on finance costs with a change of 50bps to the discount rate	£'000	£'000
Property	6,211	5,468
Equipment	127	131
All right of use assets	6,338	5,599

Sale and Leaseback

During the year the business has undertaken two sale and leasebacks (2019: none).

One was in regards to the new warehouse at Bedford which is to be used by our UK segments, this has been separated in the table below due to the individual significance of this transaction. The other was in regards to a store occupied by B&M Retail.

The details of the transactions were as follows;

	Bedford	Others
	£'000	£'000
Consideration received	153,800	4,910
Net book value of the asset disposed	(103,746)	(2,868)
Costs of sale when specifically recognised	(1,070)	-
Profit per pre-IFRS 16 accounting standards	48,984	2,042
Opening adjustment to the right of use asset	(32,052)	(2,046)
Profit/(loss) recognised in the statement of comprehensive income	16,932	(4)
Initial right of use asset recognised	66,435	2,875
Initial lease liability recognised	(98,487)	(4,921)

The pre-IFRS 16 profit is higher because the provisions of IFRS 16 require that a portion of the profit relating to the sale and leaseback is instead recognised as a reduction in the opening right of use asset, and therefore the benefit is released over the term of the contract.

18 First time adoption of IFRS 16

The new lease standard, IFRS 16, applied to the Group from the start of this financial year, 31 March 2019.

The Group has chosen to implement the new standard by adopting the fully retrospective approach, which means that we have fully restated our prior year accounts and treated the right-of-use leases from the date they were taken on by the Group, with a discount rate selected appropriate to that point in time. This is in accordance with the transitional provisions within the standard.

Although the impact of IFRS 16 on the primary statements is significant, IFRS 16 is essentially presentational and does not impact on the underlying cash generation of the business nor how we commercially operate and manage the business and store portfolio.

A full statement of our new policy is included in note 1. A statement of profit and loss based upon the previously applicable standards has been provided in note 2 to aide comparability.

The previously held rent prepayments, lease premiums, reverse lease premiums, favourable and unfavourable lease balances and the portion of the onerous lease balance that related to rent have all been superseded by the new standard and are therefore incorporated into the IFRS 16 balances.

All assets previously held under finance leases have been transferred to this new categorisation.

The difference in retained earnings brought forward as at the start of the earliest period presented here (1 April 2018) was £53.5m.

The schedule of adjustments to the main statements here presented are as follows:

Statement of Comprehensive Income	52 weeks ended 28 March 2020 £'000	52 weeks ended 30 March 2019 £'000	
Continuing operations			
Rental Expense	188,802	161,493	
Reduced gain on sale & leaseback transactions (note 17)	(34,098)	-	
Net (loss)/gain in relation to the termination of leases	(571)	1,146	
Effect on EBITDA (IFRS 16) (note 4)	154,133	162,639	
Depreciation expense on property plant and equipment	2,885	1,727	
Depreciation on right of use Assets	(148,620)	(124,905)	
Effect on continuing administrative costs	8,398	39,461	
Finance costs on IFRS 16 lease liabilities	(57,206)	(52,040)	
Finance costs on IAS 17 finance leases	174	182	
Effect on continuing profit before tax	(48,634)	(12,397)	
tax expense	6,766	2,182	
Effect on net profit from continuing operations	(41,868)	(10,215)	
Attributable to owners of the parent	(41,868)	(10,215)	
Effect on the loss due to discontinued operations	5,522	(1,360)	
Effect on net profit	(36,346)	(11,575)	
Attributable to non-controlling interests	1,134	(272)	
Attributable to owners of the parent	(37,480)	(11,303)	
Other comprehensive Income			
Exchange differences on retranslation of subsidiary and associate investments	51	160	
Total comprehensive income for the period	(36,295)	(11,415)	
Attributable to non-controlling interests	1,134	(246)	
Attributable to owners of the parent	(37,429)	(11,169)	
Earnings per share from continuing operations			
Basic earnings per share attributable to ordinary equity holders (pence)	(4.2)	(1.1)	
Diluted earnings per share attributable to ordinary equity holders (pence)	(4.2)	(1.1)	
Statement of financial position	28 March 2020 £'000	30 March 2019 £'000	1 April 2018 £'000
Assets			
Non-current			
Property, plant and equipment	(6,310)	(11,371)	(10,072)
Right of use assets	1,086,618	1,036,873	872,686
Other receivables	(2,739)	(3,752)	(3,187)
Deferred tax asset	19,044	14,556	12,269
Current			
Trade and other receivables	(18,927)	(19,240)	(17,604)
Total assets	1,077,686	1,017,066	854,092
Equity			
Retained earnings	102,237	64,757	53,454
Foreign exchange reserve	65	116	250
Non-controlling interest	-	1,134	888
Total Equity	102,302	66,007	54,592
Liabilities			
Non-current			
Lease liabilities	(1,144,122)	(1,049,655)	(905,962)
Other liabilities	90,860	92,313	86,711
Deferred tax liabilities	508	626	214
Provisions	-	190	228
Current			
Trade and other payables	18,874	19,244	16,014
Lease liabilities	(146,562)	(146,533)	(106,884)
Provisions	454	742	995
Total Liabilities	(1,179,988)	(1,083,073)	(908,684)

19 Inventories

As at	28 March 2020 £'000	30 March 2019 £'000
Goods for resale	588,000	665,570

The balance sheet balance for 2019 was restated due to the finalisation of the purchase price allocation exercise on the acquisition of Babou, see note 8.

Included in the amount above was a net charge of £6.7m related to inventory provisions (2019: £3.5m net charge). In the period to 28 March 2020 £2,531m (2019: £2,297m) was recognised as an expense for inventories.

20 Trade and other receivables

	28 March 2020 £'000	30 March 2019 £'000
Non-current		
Other receivables	7,517	7,237
	7,517	7,237
Current		
Trade receivables	6,568	4,866
Deposits on account	1,478	5,507
Provision for impairment	(252)	(247)
Net trade receivables to non-related parties	7,794	10,126
Prepayments	19,775	20,810
Related party receivables	5,772	13,079
Other tax	2,329	3,213
Other receivables	24,918	5,172
	60,588	52,400

This schedule has been restated for the prior year due to the first time adoption of IFRS 16. The balances which previously related to leases, including deferred lease premiums, favourable lease assets and prepayments, are now recognised as part of the IFRS 16 balances directly.

Trade receivables are stated initially at their fair value and then at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount is determined by the directors to be a reasonable approximation of fair value.

There are significant balances of £8.9m (€10m) in relation to the consideration receivable for Jawoll in December 2020 (see note 7), and of £4.7m in relation to the final part of the consideration receivable in respect of the Bedford transaction (see note 17). These balances are both held within the current other receivables caption above. There were no individually non-related significant balances held at the prior year end. See note 30 in respect of balances held with related parties.

The following table sets out an analysis of provisions for impairment of trade and other receivables:

Period ended	28 March 2020 £'000	30 March 2019 £'000
Provision for impairment at the start of the period	(247)	(160)
Impairment during the period	(52)	(247)
Utilised/released during the period	56	160
Effect of foreign exchange	(9)	-
Balance at the period end	(252)	(247)

Trade receivables are non-interest bearing and are generally on terms of 30 days or less.

The following table sets out a maturity analysis of trade receivables, including those which are past due but not impaired:

	28 March	30 March
As at	2020	2019
	£'000	£'000
Neither past due nor impaired	5,073	1,900
Past due less than one month	499	2,387
Past due between one and three months	15	66
Past due for longer than three months	981	513
Balance at the period end	6,568	4,866

21 Cash and cash equivalents

	28 March	30 March
As at	2020	2019
	£'000	£'000
Cash at bank and in hand	428,205	86,202
Overdrafts	(928)	(5,646)
Cash and cash equivalents	427,277	80,556

As at the year end the Group had available £21.5m of undrawn committed borrowing facilities (2019: £93.4m).

22 Trade and other payables

	28 March	30 March
As at	2020	2019
	£'000	£'000
Non-current		
Accruals	171	299
Other payables	-	279
	171	578
Current		
Trade payables	315,146	306,902
Other tax and social security payments	43,715	14,933
Accruals and deferred income	45,505	44,269
Related party trade payables	11,432	3,248
Other payables	4,201	7,370
	419,999	376,722

This schedule has been restated to reflect the first time adoption of IFRS 16. The main difference is that the unfavourable lease and reverse lease premium balances are now directly recognised as part of the IFRS 16 lease balances.

Trade payables are generally on 30 day terms and are not interest bearing. The carrying value of trade payables approximates to their fair value. For further details on the related party trade payables, see note 30.

23 Other financial assets and liabilities

Other financial assets

As at	28 March 2020 £'000	30 March 2019 £'000
Current financial assets at fair value through profit and loss:		
Foreign exchange forward contracts	5,351	2,383
Fuel swap contracts	-	127
Current financial assets at fair value through other comprehensive income:		
Foreign exchange forward contracts	11,351	3,784
Total current other financial assets	<u>16,702</u>	<u>6,294</u>
Total other financial assets	<u>16,702</u>	<u>6,294</u>

Financial assets through profit or loss reflect the fair value of those derivatives that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Other financial liabilities

As at	28 March 2020 £'000	30 March 2019 £'000
Current financial liabilities at fair value through profit and loss:		
Deferred consideration in relation to the purchase of Heron	-	12,084
Foreign exchange forward contracts	-	535
Fuel swap contracts	1,847	-
Current financial liabilities at fair value through other comprehensive income:		
Foreign exchange forward contracts	-	1,112
Total current other financial liabilities	<u>1,847</u>	<u>13,731</u>
Total other financial liabilities	<u>1,847</u>	<u>13,731</u>

The deferred consideration related to the acquisition of Heron. The valuation at the prior year end reflected management's calculation of the amount expected to be payable in 2019. The final amount paid was £11,950k.

The other financial liabilities through profit or loss reflect the fair value of those foreign exchange forward contracts that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at the reporting dates, the Group held the following financial instruments carried at fair value on the balance sheet:

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
28 March 2020				
Foreign exchange contracts	16,702	-	16,702	-
Fuel swap contract	(1,847)	-	(1,847)	-
30 March 2019				
Foreign exchange contracts	4,520	-	4,520	-
Fuel swap contract	127	-	127	-
Deferred consideration in relation to Heron	(12,084)	-	-	(12,084)

The deferred consideration was valued with reference to the sale and purchase agreement underpinning the relevant acquisition. The key variable in determining the fair value of the balance was the forecast EBITDA, of Heron, as prepared by management.

The movement in the valuation of deferred consideration reconciles as follows:

Period ended	52 weeks to 28 March 2020 £'000	52 weeks to 30 March 2019 £'000
Opening value	12,084	11,133
Unwinding of the deferred consideration balance	-	1,667
Revaluation of the deferred consideration	(134)	(716)
Payment of the deferred consideration	(11,950)	-
Closing value	<u>-</u>	<u>12,084</u>

The other instruments have been valued by the issuing bank, using a mark to market method. The bank has used various inputs to compute the valuations and these include inter alia the relevant maturity date and strike rates, the current exchange rate, fuel prices and LIBOR levels.

24 Financial liabilities – borrowings

As at	28 March 2020 £'000	30 March 2019 £'000
Current		
Revolving facility bank loan	120,000	40,000
Acquisition facility	82,304	78,461
Babou loan facilities	3,608	3,599
Heron loan facilities	5,150	2,212
	<u>211,062</u>	<u>124,272</u>
Non-current		
High yield bond notes	248,830	248,194
Term facility bank loan	298,916	298,102
Babou loan facilities	7,357	5,362
Heron loan facilities	6,315	11,283
	<u>561,418</u>	<u>562,941</u>

The acquisition facility of €92.0m was drawn down by the Group on 19 October 2018 to facilitate the purchase of Babou. It had an initial maturity date of October 2019 which has been extended to October 2020. It is held at amortised cost. The gross amount and other details can be seen in the maturity table below.

The term facility bank loan and high yield bond notes are held at amortised cost and were initially capitalised in February 2017 with £3.2m and £3.3m (respectively) of fees attributed to them.

The Babou and Heron loan facilities are carried at their gross cash amount. The Babou loan facilities are held with various counterparties and at various margins and maturities, further details are included in the maturity table below.

The maturities of the loan facilities are as follows.

	Interest rate	Maturity	28 March 2020	30 March 2019
	%		£'000	£'000
Revolving facility loan	2.00% + LIBOR	Jun-20	120,000	40,000
Term facility bank loan A	2.00% + LIBOR	Jul-21	300,000	300,000
High yield bond notes	4.125%	Feb-22	250,000	250,000
Acquisition facility	3.17% (see note)	Oct-20	82,319	78,984
Heron loan facilities – Melton	2.25% + LIBOR	Jul-22	4,352	5,159
Heron loan facilities – Offset	2.45% + LIBOR	Sep-20	3,543	3,967
Heron loan facilities – Term	2.50% + LIBOR	Dec-21	3,570	4,370
Babou – BNP Paribas	0.75%-0.76%	Jan 23–Mar 24	1,588	1,054
Babou – Caisse d'Épargne	0.75%-1.50%	Feb 22-Apr 24	3,228	3,253
Babou – CIC	0.71%-2.18%	Apr 20-Mar 25	2,652	1,884
Babou – Crédit Agricole	0.39%-0.52%	Jan 23-Mar 25	1,334	878
Babou - Crédit Lyonnais	0.68%-1.28%	Apr 20-Oct 24	1,145	266
Babou - Société Générale	0.63%-1.15% + EURIBOR	Apr-20-Dec-22	1,018	1,625
			774,749	691,440

The acquisition facility, term loan A and the high yield bond notes have carrying values which include transaction fees allocated on inception.

The acquisition facility interest rate varies over the course of the year. The rate shown in the table is the weighted average rate for the remaining period until maturity.

The acquisition facility and all Babou facilities have gross values in euros, and the values above have been translated at the period end rates of €1.1176/£ (2019: €1.1648/£).

The movement in the loan liabilities during the year breaks down as follows;

	28 March 2020	30 March 2019
	£'000	£'000
As at		
Borrowings brought forward	687,213	605,638
Cash		
Receipt of acquisition facility	-	81,086
Receipt/(payment) of revolving loan facilities	80,000	(5,000)
Repayment of Heron facilities	(2,030)	(2,297)
Receipt/(repayment) of Babou facilities	1,587	(1,792)
Capitalised fees on refinancing	(119)	(935)
Non-cash		
Debt recognised on acquisition of subsidiary	-	11,007
Foreign exchange on loan balances	3,752	(2,356)
Non-cash amortisation of fees capitalised on refinancing	2,077	1,862
Total cash movement in the year	79,438	71,062
Total non-cash movement in the year	5,829	10,513
Movement in the year	85,267	81,575
Borrowings carried forward	772,480	687,213
Of which current	211,062	124,272
Of which non-current	561,418	562,941

The reconciling figure in relation to the prior year Babou loan cash flow figure was a creditor repaid to the former owners which was classified on the acquisition balance sheet as a creditor, but was treated locally as a loan.

25 Provisions

	Property provisions £'000	Other £'000	Total £'000
At 31 March 2018	1,618	4,461	6,079
Provided in the period	218	2,361	2,579
Utilised during the period	(406)	(1,857)	(2,263)
Released during the period	(235)	-	(235)
At 30 March 2019	1,195	4,965	6,160
Provided in the period	1,503	2,872	4,375
Utilised during the period	(451)	(1,869)	(2,320)
Released during the period	(265)	(1,105)	(1,370)
At 28 March 2020	1,982	4,863	6,845
Current liabilities 2020	1,216	4,863	6,079
Non-current liabilities 2020	766	-	766
Current liabilities 2019	1,011	4,965	5,976
Non-current liabilities 2019	184	-	184

The property provision has been restated due to the reclassification of rent within onerous leases which is now included in the IFRS 16 balance sheet balances.

The property provision relates to the expected future costs on specific leasehold properties. This is inclusive of onerous leases and dilapidations on these properties. The timing in relation to utilisation is dependent upon the individual lease terms.

The other provisions principally relate to disputes concerning insured liability claims. A prudent amount has been set aside for each claim as per legal advice received by the Group. These claims are individually non-significant and average £10.7k per claim (£9.4k in 2019).

26 Share capital

Allotted, called up and fully paid	Shares	£'000
<i>B&M European Value Retail S.A. ordinary shares of 10p each</i>		
As at 31 March 2018 and 30 March 2019	1,000,561,222	100,056
Exercise of employee share options	21,676	2
As at 28 March 2020	1,000,582,898	100,058

Ordinary shares

Each ordinary share ranks pari passu with each other ordinary share and each share carries one vote. The Group parent is authorised to release up to a maximum of 2,971,661,000 ordinary shares.

27 Cash generated from operations

Period ended	52 weeks ended 28 March 2020 £'000	52 weeks ended 30 March 2019 £'000
Net profit	80,855	191,134
Tax charge on continuing operations	57,246	49,220
Tax charge/(credit) on discontinued operations (note 7)	1,721	(5,268)
Profit before tax	<u>139,822</u>	<u>235,086</u>
Adjustments for:		
Net interest expense	88,588	73,862
Depreciation on property, plant and equipment	54,255	44,798
Depreciation on right of use assets	156,798	132,771
Amortisation of intangible assets	2,568	2,158
Gain on sale and leaseback	(16,928)	-
(Profit)/loss on disposal of property, plant and equipment	(163)	644
Loss on share options	1,422	954
Change in inventories	29,348	(40,947)
Change in trade and other receivables	693	(32,127)
Change in trade and other payables	77,076	12,198
Change in provisions	686	81
Share of profit from associates	(879)	(775)
Loss resulting from fair value of financial derivatives	(641)	(5,707)
Cash generated from operations	<u>532,645</u>	<u>422,996</u>

This statement has been restated due to the first time adoption of IFRS 16.

The cash flows above include the discontinued operations. The amortisation and depreciation figures have been reconciled in notes 15, 16 and 17. The interest expense reconciles as follows:

As at	28 March 2020 £'000	30 March 2019 £'000
Net interest charge in continuing operations	81,668	75,183
Net interest charge/(credit) in discontinued operations	6,920	(1,321)
Net interest charge	<u>88,588</u>	<u>73,862</u>

Jawoll's prior year net credit was due to the revaluation of the call/put option.

28 Group information and ultimate parent undertaking

The financial results of the Group include the following entities.

Company name	Country	Date of incorporation	Percent held within the Group	Principal activity
B&M European Value Retail S.A.	Luxembourg	May 2014	Parent	Holding company
B&M European Value Retail 1 S.à r.l.	Luxembourg	November 2012	100%	Holding company
B&M European Value Retail Holdco 1 Ltd	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 2 Ltd	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 3 Ltd	UK	November 2012	100%	Holding company
B&M European Value Retail Holdco 4 Ltd	UK	November 2012	100%	Holding company
B&M European Value Retail 2 S.à r.l.	Luxembourg	September 2012	100%	Holding company
EV Retail Limited	UK	September 1996	100%	Holding company
B&M Retail Limited	UK	March 1978	100%	General retail
Opus Homewares Limited	UK	April 2003	100%	Dormant
Retail Industry Apprenticeships Ltd	UK	June 2017	100%	Employment services
Heron Food Group Ltd	UK	August 2002	100%	Holding company
Heron Foods Ltd	UK	October 1978	100%	Convenience retail
Cooltrader Ltd	UK	September 2012	100%	Dormant
Heron Properties (Hull) Ltd	UK	February 2003	100%	Dormant
B&M European Value Retail Germany GmbH	Germany	November 2013	100%	Ex-holding company
SAS Babou	France	November 1977	100%	General retail
Babou Relationship Partners – BRP SAS	France	December 2012	100%	Administrative services

Registered Offices

- The Luxembourg entities are all registered at 9 allée Scheffer, L-2520, Luxembourg.
- The UK entities are all registered at The Vault, Dakota Drive, Estuary Commerce Park, Speke, Liverpool, L24 8RJ.
- B&M European Value Retail Germany GmbH is registered at Am Hornberg 6, 29614, Soltau.
- SAS Babou are registered at 8 rue du Bois Joli, 63800 Cournon d’Auvergne.
- BRP SAS are registered at 7 rue Biscornet, 75012 Paris.

Changes during the year

The Group disposed of the trading entities within the German retailing group, J.A.Woll Handels GmbH and Jawoll Vertriebs GmbH I, see note 7 for further details.

The entity Bedford DC Investment Limited was disposed in relation to the sale and leaseback carried out on the Bedford Warehouse, see note 17.

The French entities have restructured such that the former French holding company Paminvest SAS has been directly incorporated into the main trading entity, SAS Babou, resulting in the disposal of the former.

Changes during the prior year

The Group acquired the French retailing group headed by Paminvest SAS. Initially this comprised six entities, but it has since been rationalised into the three entities given above. See note 8 for further details on the transaction.

Associates

The Group has a 50% interest in Multi-lines International Company Limited, a company incorporated in Hong Kong, a 20% interest in Home Focus Group Limited, a company incorporated in the Republic of Ireland, and a 22.5% (acquired in November 2018) interest in Centz Retail Holdings Limited, also

incorporated in the Republic of Ireland. The share of profit/loss from the associates is included in the statement of comprehensive income, see note 14.

Ultimate parent undertaking

The directors of the Group consider the parent and the ultimate controlling related party of this Group to be B&M European Value Retail SA, registered in Luxembourg.

29 Financial risk management

The Group uses various financial instruments, including bank loans, related party loans, finance company loans, cash, equity investment, derivatives and various items, such as trade receivables and trade payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, currency risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to currency risk, the Group enters into forward foreign currency contracts. No transactions in derivatives are undertaken of a speculative nature.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and commodity price risk. Commodity price risk is not considered material to the business as the Group is able to pass on pricing changes to its customers.

Despite the impact of price risk not being considered material, the Group has engaged in swap contracts over the cost of fuel in order to minimise the impact of any volatility.

The sensitivity to these contracts for a reasonable change in the year end fuel price is as follows

As at	Change in fuel price	28 March 2020 £'000	30 March 2019 £'000
Effect on profit before tax	+5%	154	159
	-5%	(154)	(159)

This has been calculated by taking the spot price of fuel at the year end, applying the change indicated in the table, and projecting this over the life of the contract assuming all other variables remain equal.

The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency risk

The Group is exposed to translation and transaction foreign exchange risk arising from exchange rate fluctuation on its purchases from overseas suppliers.

In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days and are of a relatively modest nature. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts.

All of the Group's sales are to customers in the UK, France and Germany and there is no currency exposure in this respect. A proportion of the Group's purchases are priced in US Dollars and the Group generally uses forward currency contracts to minimise the risk associated with that exposure.

Approach to hedge accounting

As part of the Group's response to currency risk the currency forwards taken out are intended to prudently cover the majority of our stock purchases forecast for that period. However, the Group only hedge accounts for the part of the forward that we are reasonably certain will be spent in the forecast period, allowing for potential volatility. Therefore management always consider the likely volatility for a period and assign a percentage to each tranche of forwards purchased, usually in the range 50-80%, and never more than 80%.

Effectiveness of the hedged forward is then assessed against the Group hedge ratio, which has been set by management at 80% as a reasonable guide to the certainty level we expect the hedged portions of our forwards to at least achieve. If they fail, or are expected to fail, to meet this ratio of effectiveness then they are treated as non-hedged items, and immediately expensed through Profit and Loss.

Ineffectiveness can be caused by exceptional volatility in the market, by the timing of product availability, or the desire to manage short term company cash flows, for instance, when a large amount of cash is required at relatively short notice.

If the Group did not hedge account then the difference is that the gain or loss in other comprehensive income would be presented in profit or loss and the assets and liabilities presented under the classification fair value through other comprehensive income would be at fair value through profit or loss.

The difference to profit before tax if none of our forwards had been hedge accounted during the year would have been a gain of £12.4m (2019: £18.8m gain) and a pre-tax loss in other comprehensive income of £8.7m (2019: £18.4m loss).

The net effective hedging gains transferred to the cost of inventories in the year was £16.1m (2019: net gain of £2.8m). At the year end the amount of outstanding US Dollar contracts covered by hedge accounting was \$334m (2019: \$428m).

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in US Dollar period end exchange rates with all other variables held constant.

The impact on the Group's profit before tax and other comprehensive income (net of tax) is largely due to changes in the fair value of our foreign exchange derivatives and revaluation of creditors and deposits held on account with our US Dollar suppliers.

As at	Change in USD rate	28 March 2020 £'000	30 March 2019 £'000
Effect on profit before tax	+2.5%	(3,791)	(4,648)
	-2.5%	3,823	4,886
Effect on other comprehensive income	+2.5%	(6,595)	(7,976)
	-2.5%	6,934	8,385

The following table demonstrates the sensitivity (net of tax) to a reasonably possible change in the Euro period end exchange rates with all other variables held constant. The effect on other comprehensive income is due to the foreign exchange reserve on retranslation of the Group's subsidiaries that have the Euro as a functional currency.

As at	Change in Euro rate	28 March 2020 £'000	30 March 2019 £'000
Effect on profit before tax	+2.5%	1,008	(418)
	-2.5%	(979)	440

Effect on other comprehensive income	+2.5%	330	(2,969)
	-2.5%	(346)	3,121

These calculations have been performed by taking the year end translation rate used on the accounts and applying the change noted above. The balance sheet valuations are then directly calculated. The valuation of the foreign exchange derivatives are projected based upon the spot rate changing and all other variables being held equal.

Interest rate risk

Interest rate risk is the risk of variability of the Group cash flows due to changes in the interest rate. The Group is exposed to changes in interest rates as the Group's bank borrowings are subject to a floating rate based on LIBOR.

The Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's exposure to interest rate fluctuations is not considered to be material, however the Group has in the past used interest rate swaps to minimise the impact.

If LIBOR interest rates had been 50 basis points higher/lower throughout the year with all other variables held constant, the effect upon calculated pre-tax profit for the year would have been:

As at	Basis point increase / decrease	28 March 2020 £'000	30 March 2019 £'000
Effect on profit before tax	+50	(1,737)	(1,754)
	-50	1,737	1,754

This sensitivity has been calculated by changing the interest rate for each interest payment and accrual made by the Group over the period, by the amount specified in the table above, and then calculating the difference that would have been required.

The Group also has a very limited exposure to EURIBOR via the loans held by Babou, see note 24, however this is considered immaterial for disclosure.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal financial assets are cash, derivatives and trade receivables. The credit risks associated with cash and derivatives are limited as the main counterparties are banks with high credit ratings (A long term and A-1 short term (standard & poor) or better, (2019: A, A-1 (or better) respectively). The principal credit risk arises therefore from the Group's trade receivables.

Credit risk is further limited by the fact that the vast majority of sales transactions are made through the store registers, direct from the customer at the point of purchase, leading to a low trade receivables balance.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Liquidity risk

Any impact on available cash and therefore the liquidity of the Group could have a material effect on the business as a result.

The Group's borrowings are subject to quarterly banking covenants against which the Group has had significant headroom to date with no anticipated issues based upon forecasts made. Short term flexibility

is achieved via the Group's rolling credit facility. The following table shows the liquidity risk maturity of financial liabilities grouping based on their remaining period at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	£'000	£'000	£'000	£'000	£'000
28 March 2020					
Interest bearing loans	231,801	571,525	6,958	-	810,284
Lease liabilities	197,842	203,272	513,295	712,227	1,626,636
Trade payables	326,578	-	-	-	326,578
30 March 2019					
Interest bearing loans	149,759	23,715	576,083	1,243	750,800
Lease liabilities	203,850	197,275	495,552	681,351	1,578,028
Forward foreign exchange contracts	1,647	-	-	-	1,647
Trade payables	310,150	-	-	-	310,150
Deferred consideration (Heron)	12,084	-	-	-	12,084

Fair value

The fair value of the financial assets and liabilities of the group are not materially different from their carrying value. Refer to the table below. These all represent financial assets and liabilities measured at amortised cost except where stated as measured at fair value through the profit and loss.

	28 March 2020	30 March 2019
	£'000	£'000
As at		
Financial assets		
Fair value through profit and loss		
Forward foreign exchange contracts	5,351	2,383
Fuel price swap	-	127
Fair value through other comprehensive income		
Forward foreign exchange contracts	11,351	3,784
Loans and receivables		
Cash and cash equivalents	428,205	86,202
Trade receivables	13,566	23,205
Other receivables	24,918	5,172
	28 March	30 March
As at	2020	2019
	£'000	£'000
Financial liabilities		
Fair value through profit and loss		
Forward foreign exchange contracts	-	535
Fuel price swap	1,847	-
Deferred consideration in relation to the purchase of Heron	-	12,084
Fair value through other comprehensive income		
Forward foreign exchange contracts	-	1,112
Amortised cost		
Overdraft	928	5,646
Lease liabilities	1,295,244	1,206,922
Interest-bearing loans and borrowings	772,480	687,213

Trade payables	326,578	310,150
Other payables	4,201	7,370
	4,201	7,370

30 Related party transactions

The Group has transacted with the following related parties over the periods:

Multi-lines International Company Limited, a supplier, and Home Focus Group and Centz Retail Holdings, both customers, are associates of the Group.

Ropley Properties Ltd, Triple Jersey Ltd, TJL UK Ltd, Rani Investments and Multi Lines International (Properties) Ltd, all landlords of properties occupied by the Group, and SSA Investments the beneficial owners of equipment hired to the Group are directly or indirectly owned by director Simon Arora, his family, or his family trusts (together, the Arora related parties).

David Heuck, a director of Heron was the landlord of a property occupied by the Group in the prior year (Comprising the Heron related parties), but is no longer a related party of the Group.

The following table sets out the total amount of trading transactions with related parties included in the statement of comprehensive income, including the P&L impact of any finance leases;

	28 March 2020 £'000	30 March 2019 £'000
Period ended		
Sales to associates of the Group		
Centz Retail Holdings Limited	25,327	8,858
Home Focus Group Limited	1,944	2,180
Total sales to related parties	27,271	11,038
	28 March 2020 £'000	30 March 2019 £'000
Period ended		
Purchases from associates of the Group		
Multi-lines International Company Ltd	180,721	141,015
Purchases from parties related to key management personnel		
Multi-Lines International (Properties) Ltd	479	410
SSA Investments	97	44
Total purchases from related parties	181,297	141,469

Purchases from parties related to key management personnel has been restated to reflect that the majority of these related party transactions comprise leases that are now recognised under the provisions of IFRS 16.

The IFRS 16 Lease figures in relation to these related parties, which are all related to key management personnel, are as follows;

	Depreciation Charge £'000	Interest Charge £'000	Total Charge £'000	Right of use Asset £'000	Lease Liability £'000	Net Liability £'000
Period ended 28 March 2020						
Rani Investments	76	61	137	604	(734)	(130)
Ropley Properties	1,827	1,078	2,905	12,518	(14,825)	(2,307)
TJL UK Limited	741	432	1,173	9,235	(10,656)	(1,421)
Triple Jersey Limited	9,362	4,914	14,276	72,121	(86,039)	(13,918)
	12,006	6,485	18,491	94,478	(112,254)	(17,776)

Period ended 30 March 2019						
David Hueck	35	14	49	463	(473)	(10)
Rani Investments	76	66	142	680	(802)	(122)
Ropley Properties	1,989	1,102	3,091	16,790	(19,064)	(2,274)
TJL UK Limited	633	381	1,014	9,975	(11,111)	(1,136)
Triple Jersey Limited	9,410	5,403	14,813	85,793	(101,882)	(16,089)
	<u>12,143</u>	<u>6,966</u>	<u>19,109</u>	<u>113,701</u>	<u>(133,332)</u>	<u>(19,631)</u>

Included in the current year figures above are two new leases entered into by Group companies during the current period with the Arora related parties (2019: four new and five renewals). The total expense on these leases in the period was £680k (2019: £1,571k (restated due to impact of IFRS 16)). There were no conditionally exchanged leases with Arora related parties in the current period with a long stop completion date (2019: one).

The following table sets out the total amount of trading balances with related parties outstanding at the period end.

	28 March 2020	30 March 2019
As at	£'000	£'000
Trade receivables from associates of the Group		
Centz Retail Holdings Ltd	5,687	2,045
Home Focus Group Ltd	85	143
Multi-lines International Company Ltd	-	10,891
Total related party trade receivables	<u>5,772</u>	<u>13,079</u>

	28 March 2020	30 March 2019
As at	£'000	£'000
Trade payables to associates of the Group		
Multi-lines International Company Ltd	9,588	1,933
Trade payables to companies owned by key management personnel		
Rani Investments	26	26
Ropley Properties Ltd	380	655
TJL UK Ltd	-	-
Triple Jersey Ltd	1,438	623
Total related party trade payables	<u>11,432</u>	<u>3,237</u>

Outstanding trade balances at the balance sheet dates are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party trade receivables or payables.

The business has not recorded any impairment of trade receivables relating to amounts owed by related parties at 28 March 2020 (2019: no impairment). This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

The future lease commitments on the Arora related party properties are;

	28 March 2020	30 March 2019
As at	£'000	£'000
Not later than one year	16,496	18,134
Later than one year and not later than two years	16,604	18,439
Later than two years and not later than five years	42,280	51,792
Later than five years	66,743	84,564
	<u>142,123</u>	<u>172,929</u>

The Heron related party properties are no longer considered to be related to the Group. The future lease commitments as stated in the prior year were as follows:

	30 March 2019
As at	£'000
Not later than one year	43

Later than one year and not later than two years	43
Later than two years and not later than five years	128
Later than five years	354
	<u>568</u>

See note 14 for further information on the Group's associates.

For further details on the transactions with key management personnel, see note 10 and the remuneration report.

31 Non-controlling interest

Non-controlling interest balances are valued on acquisition as a proportion of the fair value of net assets to which the non-controlling interest relates. Post acquisition the non-controlling interest is valued as the original value plus/minus the comprehensive income/loss owed to the non-controlling interest and minus any dividend paid to the non-controlling interest.

There previously existed a non-controlling interest in Jawoll, until its disposal in the current financial year (see note 7). Until the disposal date the non-controlling interest was 20% of the subsidiary and this had not changed over the period of ownership, which started in April 2014.

As the non-controlling interest was disposed of during the year, there has been no profit or loss recorded in continuing operations for either period presented. There was a £9.2m loss (2019: £4.0m) recorded in discontinued operations. The prior year figure has been restated to include the effects of the new lease accounting standard.

The assets and liabilities of the subsidiary, which have been restated to reflect the impact of IFRS 16, were as follows:

	30 March
	2019
As at	£'000
Non-current assets	129,465
Current assets	85,423
Non-current liabilities	(92,972)
Current liabilities	(37,162)
Net assets	<u>84,754</u>

Further disclosures in respect to the results, cash flows and disposal of this company are included in note 7.

32 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current or prior period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group uses the following definition of net debt:

External interest bearing loans and borrowings less cash and short-term deposits.

The interest bearing loans figure used is the gross amount of cash borrowed at that time, as opposed to the carrying value under the amortised cost method. The prior year figure has been re-stated to exclude finance leases in line with the adoption of IFRS 16.

	28 March 2020 £'000	30 March 2019 £'000
As at		
Interest bearing loans and borrowings (note 24)	774,749	691,440
Less: Cash and short term deposits - overdrafts (note 21)	<u>(427,277)</u>	<u>(80,556)</u>
Net debt	<u>347,472</u>	<u>610,884</u>

33 Post balance sheet events

As part of the support measures that were made available by the French government to aide businesses that have been impacted by the coronavirus lockdown measures in France, Babou has received €51.0m of state backed loans in April 2020. These loans are 90% guaranteed by the French government and are available for a period of up to 6 years with the option to repay at the end of each year.

There are no interest payments in the first year followed by a 0.16% interest margin applicable to years 2 to 6. In addition there is a 0.5% guarantee fee that is charged by the French government, this increases to 1.0% in years 2 and 3 and 2.0% in years 4 to 6.

Following the lockdown measures implemented as a result of the Covid-19 in the UK, both the B&M and Heron fascia stores have continued to trade, except seven stores that are within shopping malls which are currently closed. Health and safety measures have been put in place for colleagues and customers to ensure we comply with the appropriate legislation and the businesses have seen no material adverse impact on their trading performance.

Following the closure of stores in our French business Babou, the stores were all re-opened on 11 May 2020 and the trading to date since the re-opening has been positive.

34 Dividends

An interim dividend of 2.7 pence per share (£27.0m) was paid in December 2019.

A special dividend of 15.0 pence per share (£150.1m) has been declared and was paid in April 2020.

A final dividend of 5.4 pence per share (£54.0m), giving a full year dividend of 8.1 pence per share (£81.0m), is proposed.

Relating to the prior year;

An interim dividend of 2.7 pence per share (£27.0m) was paid in December 2018.

A final dividend of 4.9 pence per share (£49.0m), giving a full year dividend of 7.6 pence per share (£76.0m), was paid in August 2019.

35 Contingent liabilities and guarantees

As at 30 March 2019 and 28 March 2020, B&M European Value Retail S.A., B&M European Value Retail 1 S.à r.l., B&M European Value Retail 2 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Ltd and B&M Retail Ltd are all guarantors to both the loan and notes agreements which are formally held within B&M European Value Retail SA. The amounts outstanding as at the period end were £502m for the loans (2019: £419m), with the balance held in B&M European Value Retail Holdco 4 Ltd, and £250m (2019: £250m) for the notes, with the balance held in B&M European Value Retail S.A.

As at 30 March 2019 and 28 March 2020, Heron Food Group Limited and Heron Foods Ltd are guarantors to the loans which are formally held within Heron Foods Ltd. The amount outstanding at the year end was £11m (2019: £13m) with the balance held in Heron Foods Ltd.

36 Directors

The directors that served during the period were:

Peter Bamford (Chairman)
S Arora (CEO)
P McDonald (CFO) (see note below)
R McMillan
T Hall
C Bradley
G Petit (Appointed 2 May 2019)
T Hübner (retired 1 May 2019)
K Guion (retired 1 January 2020)

All directors served for the whole period except where indicated above.

As announced on 3 March 2020, Paul McDonald will retire in 2021.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and applicable law and have prepared the Company financial statements in accordance with Luxemburg legal and regulatory requirements regarding the preparation of annual accounts ("Lux GAAP").

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present the financial statements and policies in a manner that provides relevant, reliable, comparable and understandable information;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- provide additional disclosures when compliance with the specific requirements in IFRSs or in accordance with Lux GAAP are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 its financial statements comply with company law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for preparing the Annual Report in accordance with applicable laws and regulations. Having taken advice from the Audit & Risk Committee the Directors consider the Annual Report and the financial statements taken as a whole, provides the information necessary to assess the Group's position, performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The financial statements are published on the Company's website.

Legislation in Luxembourg governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the consolidated financial statements of B&M European Value Retail S.A. ("Company") presented in this Annual Report and established in conformity with International Financial Reporting Standards as adopted in the European Union give a true and fair view of the assets, liabilities, financial position, cash flows and profits of the Company and the undertakings included within the consolidation taken as a whole;
- the annual accounts of the Company presented in this Annual Report and established in conformity with the Luxembourg legal and regulatory requirements relating to the preparation of annual accounts give a true and fair view of the assets, liabilities, financial position and profits of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces; and
- this Annual Report (including the financial statements), taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Approved by order of the Board.

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer

10 June 2020