BIG BRANDS, BIG SAVINGS

Great products and great value all year round

B&M European Value Retail S.A.
Annual Report and Accounts 2020

Our purpose

Delivering great value to our customers so that they keep returning to our stores time and time again

Our values

Simplicity
Proud to keep our business simple and fun, and work at B&M speed

Trust
Proud to trust honesty, loyalty and hard work

Fairness
Proud to act fairly and responsibly with customers, colleagues and suppliers

Proud
Proud to treat every £1 as our own and provide customers with great value for money

See page 5 for more information

Highlights

Financial highlights[1]

Group revenues
£3,813.4m
+16.5%
2019: £3,272.6m

Cash generated from operations
£532.6m
+25.9%
2019: £423.0m

Profit before tax
£252.0m
+3.2%
2019: £244.3m

Diluted earnings per share from continuing operations
19.5p
+0.0%
2019: 19.5p

Adjusted EBITDA[2]
£342.3m
+7.1%
2019: £319.6m

UK and France store estates

B&M stores
+5.8%

- 36 net new B&M stores opened in FY20, growing the estate by 5.8% to 656 stores in the UK.
- Good pipeline of new stores and on track to achieve about 30 net new UK store openings in FY21. Most of the openings will be in the second half of FY21.

Heron Food stores
+4.3%

- 12 net new Heron Foods stores opened in FY20, growing the estate by 4.3% to 293 stores in the UK.
- Good pipeline of new stores and on track to achieve about 15 net new UK store openings in FY21. Most of the openings will be in the second half of FY21.

Babou stores
+5.2%

- 5 net new Babou stores opened in FY20. Total stores in France 101.

Contents

Notes

1. Each of the figures included in the financial highlights are for the continuing operations of the Group as at the end of financial year on 28 March 2020, following the sale of Jawoll having been completed prior to the year-end. The figures for the prior year ended 30 March 2019 exclude Jawoll, to provide a comparable basis with those for the continuing operations as at 28 March 2020.
2. 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. Adjusted EBITDA is a non-IFRS measure and therefore we provide a reconciliation from the statement of comprehensive income. Adjusting items are the effects of derivatives, one off refinancing fees, foreign exchange on the translation of inter-company 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 on 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. See the reconciliation of adjusted measures to statutory measures on page 19 for further details. EBITDA represents profit on ordinary activities before net finance costs, taxation, depreciation and amortisation. The figures presented in the strategic report are for the 52 weeks ended 28 March 2020, and the comparable figures for the previous year are for the 52 week period ended 30 March 2019.

Company overview

At our value retail stores we sell a limited assortment of the best-selling products in food, grocery and general merchandise ranges at compelling prices.

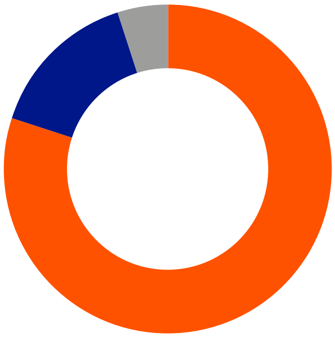
We have a variety of store formats including:

- B&M Bargain Stores both in and out of town centres;
- B&M Homestores in retail parks, many of which also have B&M garden centres;
- Heron Foods Convenience Stores on local shopping parades and precincts;
- Babou Stores in retail parks and towns.

Our direct sourcing and simple low cost approach means that we can constantly provide our customers with great bargains throughout our grocery and general merchandise ranges all year round. Our limited assortment model means that within each of our product categories we can continually refresh and regularly introduce new products, and seasonally adjust our lines to suit changes in demand and the tastes of our customers.

Revenue by fascia

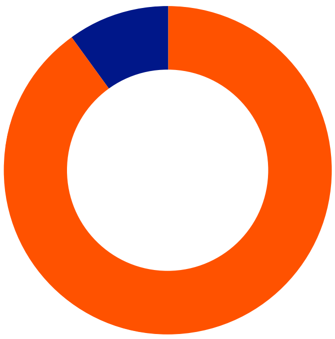
£3,813.4m



B&M	£3,140.1m
Heron Foods	£389.9m
Babou	£283.4m

Adjusted EBITDA[1]

£342.3m



B&M	£319.8m
Heron Foods	£25.5m
Babou	£(3.0)m

Notes

1. 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. See further the footnotes on page 1.

Our brands

In our B&M, Heron Foods and Babou stores we provide customers with a limited assortment within each of our product ranges so they can access best-selling items at value retail prices. Our products are mainly sourced direct from manufacturers and leading brand household names.

Number of employees[2]
28,998

Number of stores
656

Number of employees
4,915

Number of stores
293

Number of employees[3]
194

Number of stores
101

Notes
2. B&M includes the corporate segment.
3. Babou's store colleagues are not employees of Babou. They are direct employees of the Manager of each store.

Why invest in B&M

1

Market position
B&M is the fastest growing general merchandise value retailer in a structurally growing sector in the UK with 656 stores. We are growing our value convenience stores since our acquisition of Heron Foods in 2017, which now has 293 convenience stores.

See page 6 for more information

2

Business model
B&M has a unique, disruptive business model with its limited assortment, direct sourcing and simple low cost approach. This is a distinctive retail proposition which resonates well with customers by providing them with bargains on everyday household general merchandise and leading brand grocery products at our stores.

See page 8 for more information

3

Financial returns
B&M has a strong financial track record with rapid growth, high returns, and being strongly cash generative. Over the period since IPO in June 2014 to 31 March 2020 our Group has generated a total shareholder return of over 22.7%.

See page 18 for more information

4

Growth opportunity
Each new B&M store we open continues to produce excellent returns and, with a target of at least 950 stores in the UK, there is substantial scope for further expansion in our core business. Heron Foods has given the Group a platform for growth in the value convenience sector and we are developing the model for realising the significant potential which exists in the French market in the longer term.

See page 14 for more information

5

Well-invested infrastructure
This year we have added a new purpose built 1 million square foot Distribution Centre in Bedford to B&M's UK warehouse estate, which is fully operational. This provides significant extra capacity for serving our store roll-out programmes in the Midlands and Southern regions of the UK for several years ahead of us, in addition to the substantial warehouse estate which we operate from in the North West of the UK.

See page 10 for more information

Chairman's statement

> **"It has been a year of solid progress in the UK, challenges in Germany, and development of our proposition in France."**

Peter Bamford
Chairman

The external events of the last few months have been unprecedented and the ramifications of the coronavirus for society, commercial activity and many other aspects of life are likely to be felt for some time. My annual update for shareholders is a review of a year which finished as those events were only just emerging. Clearly, the markets in which we operate have changed as a result of COVID-19 and will continue to be both uncertain and changing in the coming year.

B&M in its own modest way has tried its best to do its bit in the present circumstances. Many thousands of our B&M colleagues across the UK in hundreds of stores, our distribution centres and support offices have worked tirelessly to keep our customers supplied with the things they need, particularly during the lockdown period. Their hard work and desire to keep supplies moving to stores and our shelves filled for customers, was a remarkable and inspiring effort. On behalf of the Board I would like to express the Board's sincere thanks and appreciation.

Overall, the last financial year was one of continued progress for B&M as a Group, though not without its challenges.

In the UK, B&M and Heron Foods continued to grow in line with our plans and made solid progress, driven in part by the success of the new store programmes and the strength of their customer propositions. This was in spite of a slow December trading period, with some retailers appearing to have seen customers starting their main Christmas shopping later last year.

In France a pilot group of stores were brought closer to the B&M model in early 2020 through re-branding, re-formatting and changes to their product mix. However the results of that pilot test group of stores have unfortunately been interrupted by the closure of all the stores during the Covid-19 lockdown period in France. Our French business still has a much smaller exposure to essential goods such as food, groceries and cleaning products than B&M in the UK. There is still much work that remains to be done in France to develop and refine the model before it will be ready to be rolled-out across the rest of the store estate. While the progress made so far in France is welcome, it is still early days.

During the year we conducted a comprehensive strategic review of the German business and concluded that there was no realistic prospect in the short term of a turnaround of its performance. We were able to secure a sale of our interest in the business before the year-end to a private equity-led buyer consortium. It was not without cost though with the Group ultimately waiving a significant portion of debt owed by Jawoll to it, in order to achieve a sale of the business. It was however clearly in the best interest of our stakeholders for us to have found a way that released us from the prospect of yet further heavy losses, and at the same time, preserving as much of that business as possible as a going concern for the benefit of its employees and other stakeholders. The exit from Jawoll will now allow both the executive team and the Board to focus more of our energies on France in seeking to progress our international ambitions.

The success of B&M's form of retailing in the UK has been based as much on our culture and values (see opposite) as on our business model. Our vision is to grow our business in the UK to at least 950 stores, and to successfully deploy our direct sourcing limited assortment business model in France to then grow that business. Looking ahead, maintaining our culture and values will remain just as important to our success in achieving our long term strategic goals, which are explored in more detail on pages 10 and 11 of this report.

Along with our strategic progress we have also continued to develop our corporate governance policies and practice in line with the changes under the revised UK Corporate Governance Code 2018. Details of the progress we have made during the year are contained in my report on pages 48 to 56 below. Our report on pages 42 to 45 also sets out details of our stakeholders and how we have considered their interests in key decisions taken by the Board during the year.

The Board has also continued to evolve and develop. Following the Non-Executive Director changes last year, Gilles Petit was appointed to the Board as a Non-Executive Director with significant European retailing credentials. In addition, we have made progress during the year in the search for a Chief Financial Officer in succession to Paul McDonald who is to retire in 2021. Alex Russo has agreed to take on that role, with a start date of no later than June 2021. Alex has held UK and International senior executive roles with retailers including Asda, Tesco and Kingfisher. He is currently the Group Finance Director of Wilko. Kathleen Guion who had been a Non-Executive Director and Chair of the Remuneration Committee since May 2014 retired from the Board in January 2020. I would like to thank her for the huge contribution she made in helping steer B&M through the process of becoming a large public company following the IPO.

Finally, I would like to thank our shareholders for their continuing support and, once again, everyone in B&M for their hard work over the whole year as well as their exceptional efforts in recent months.

The year ahead will no doubt pose many challenges but also opportunities. We will do our utmost to give our customers what they both want and need as the trading environment continues to evolve.

Peter Bamford
Chairman
10 June 2020

We are proud

The vision, purpose and culture of our business is underpinned by our values of simplicity, trust, fairness and taking pride in everything we do.

Those values are also reflected in how we strive to do the best we can for the benefit of all our customers, colleagues, suppliers and investors, and the communities we operate in.

See pages 33 to 41 for more information

Market overview

Our overall market share is small compared with specialist merchandise and grocery retailers, which means we have opportunities for continued growth ahead of us in each of the store fascia businesses in our Group.

General trends

The shift in UK retailing towards serving much more value conscious consumers over the last decade is now an established part of the market for grocery and general merchandise goods in the UK and France.

This pattern of consumer behaviour is both relevant to non-discretionary and discretionary spending.

We believe the flight to value will continue for the foreseeable future, with consumers either needing or wanting to save money. B&M's value-retailing model is designed to meet those requirements throughout its offering of grocery and general merchandise consumer goods.

Convenience store shopping, which provides consumers with easy local access to everyday items is also an important part of the UK market. Through our convenience store chain, Heron Foods, we are also able to take advantage of this opportunity.

Territories and store estates

United Kingdom

The UK retail market in which B&M operates had total store-based retail sales of c.£300 billion in 2017[1]. B&M has a small share of this market, being approximately 1%. We believe that a store target of 950 B&M fascia stores overall in the UK is achievable.

B&M currently has 656 stores, which leaves a long runway for growth ahead of us for the B&M stores fascia in the UK against our store target of at least 950 stores. We consider that target to be achievable based on updated analysis of external consultancy research carried out in 2017.

Heron Foods operates in the convenience sub-sector of the UK Grocery market of c.£160 billion in 2017[1]. Convenience is an area of growth in grocery retailing in the UK. Heron Foods is an attractive value proposition in a market which has been primarily dominated by the premium pricing models of other retailers.

The Heron Foods chain of 293 convenience stores has the capacity to become multiple times larger as we continue to roll it out both within and beyond the North of England heartland where most of its stores are located.

656

B&M UK fascia stores overall target of at least 950

See page 11 for more information

France

The French retail market is the second largest in continental Europe. The market has attractive dynamics including the overall market size, the popularity of the growing discount channel and healthy operating margins achieved by several of the incumbent operators.

Babou is in the process of adopting the direct product sourcing and limited assortment sku discipline model of B&M. It has also begun to introduce a modest amount of food and grocery products into its product mix and it is refining its general merchandise product ranges, to position itself in a similar way to the B&M offering which has achieved considerable growth in the UK over many years.

Babou currently has 101 stores and predominantly operates in the general merchandise, clothing and footwear sector of the market.

Given both the size of the French market and the small market share which Babou currently has, the opportunity exists for Babou to grow its store footprint when it has integrated the B&M model and refined it for the French market.

1. Figures are based on management estimates having regard to external market research on the size of the relevant market in 2016/17.

Competition

In a customer insight survey externally commissioned by B&M in 2019, B&M scored highly in a benchmarking against three other leading variety goods store chains on prices, product offerings and locations.

85% of customers from a pool of over 2,000 who were surveyed recognised the general price gap which exists between value retailers and the leading supermarkets across a wide range of food, FMCG and homeware goods. Prices remain the key differentiator notwithstanding the price wars in recent years of supermarket chains.

The low cost business model of B&M enables us to maintain our ability to offer the lowest prices we can to customers in a market which includes a broad range of retailers and competition for customers.

In relation to category specialist products, the customers who were surveyed were continuing to focus their shopping habits on discount retailers, and in particular hunting out bargains in areas including Home Adornment, Kitchen and Bathroom wares, DIY, Gardening, Pet food and Pet products, Toys, games and stationery.

Compared with three main competitor discount retail chains in the UK, B&M came out on top or equal first with customers in the survey in relation to prices, offerings of well known brands, treasure hunt buys, convenient locations and well laid-out stores.

Brands

B&M's business model is to provide leading branded products at low prices through our direct sourcing, limited assortment and simple low cost approach.

B&M has a targeted range of branded food and grocery products. Many of those products are sourced directly from global FMCG suppliers. Our customers are then able to benefit from our value pricing of household brand name products within those categories.

Within our general merchandise ranges we offer branded products where brands are an important customer requirement, and also heritage branded products through our relationships with national and global brands.

We have continued to actively expand our offering of branded products, for example this year in our DIY ranges, where specialist retailers have downsized their store estates creating more opportunities for variety goods retailers such as ourselves to take up demand for those goods.

We will continue in a targeted way as market opportunities continue to open-up over time to add more branded ranges in categories where they are important to our customers.

Customer appeal

From the customer insight survey externally commissioned in 2019 by B&M with a sample of over 2,000 customers in the UK of B&M and three other general merchandise discount retail store chains, B&M's customer repeat shopping visits came out highest with 82% of our customers either being regular or occasional shoppers at our stores.

The attraction for customers visiting our stores is that we offer the best selling products, constantly refresh them and stock seasonal goods, all at great value prices all year round. This means they can buy what they want, when they want it and at the price they want.

Customers visiting a B&M store are typically looking for specific destination purchases, but they will often also buy impulse products as they browse around the store. This gives us the opportunity to increase the basket size of sales to customers.

Impulse buying or treasure hunting is supported by constantly introducing new products in our stores.

The number of new products introduced gives customers a good reason to visit our stores frequently to see what's new.

We only offer the best selling lines of products within each of our food, grocery and general merchandise ranges. This limited SKU discipline means we can refresh our product offering, frequently introduce new products, and seasonally alter our lines to meet the changing demand of our customers for different types of products all year round. This provides customers with a shopping experience that meets their needs and which is also fun and exciting as new product offerings come into our stores all the time.

We average around 100 new products per week predominately within our general merchandise categories, whilst still maintaining the discipline of our limited assortment model.

Last year we averaged 4.8 million customer transactions a week across the B&M UK store estate.

Customer repeat shopping visits

82%

Business model

We offer the best selling products at value prices through the application of our limited assortment direct sourcing business model.

Business strengths

Modern store network
Our network of over 1,000 well-located and well-invested stores in the UK and France are in convenient locations in modern retail parks, popular town centres and high streets. They are located in places close to where people live, so it makes it easy for customers to shop conveniently at our stores.

Well-invested infrastructure
We have a modern supply chain and scalable infrastructure to support the operations and growth of the business. In the UK we have recently opened an additional Distribution Centre in Bedford in the South of England. This provides B&M with a further 1 million sq ft of warehouse capacity, which became operational in January 2020.

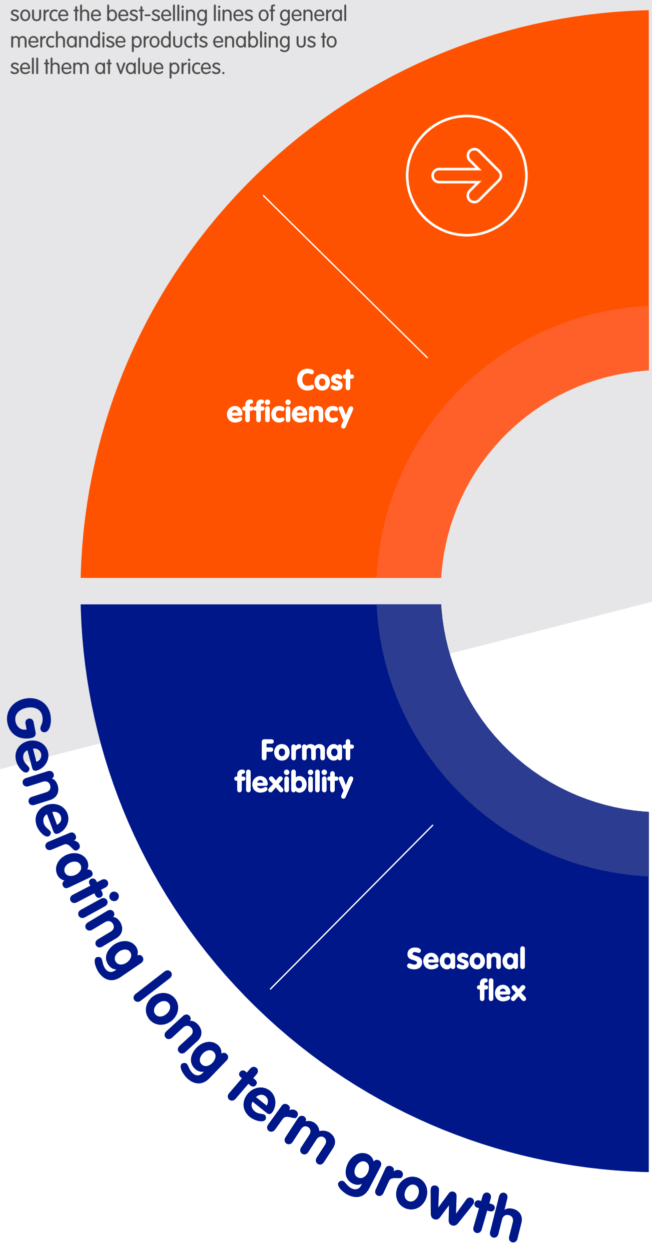
Strong brand reputation
The B&M and Heron Foods names are recognised established brands in the markets in which we operate. Those brands have a strong and growing reputation for delivering consistently great value, innovation and newness in relation to the products people regularly buy for their homes and families. This keeps customers coming back to our stores week-in and week-out.

Skilled buying teams
Developing products and ranges to constantly provide great value as well as being fresh and on-trend takes skill, experience and discipline. We have colleagues with many years of combined experience and skills within the specialist buying and merchandising teams in each of our Group businesses. They know what customers want and they know how to design and deliver it at value price points.

Strong supplier relationships
Maintaining our competitive value-led price model is also about developing and retaining strong long-term supplier relationships. Many of our suppliers have grown and developed established trading relationships over many years with our Group businesses.

Established governance processes & risk management
Our corporate governance and risk management approach is geared toward ensuring we have effective and robust corporate governance structures and processes in place. Our Directors have many years of retail and consumer product business experience across a range of international markets. They provide constructive challenge to our management team, so that the best outcomes are achieved for all our stakeholders in how we operate our businesses, provide value and manage risk appropriately.

Our business model is to source and provide customers with a targeted food and grocery offering of leading brand products at the best prices we can, and to directly source the best-selling lines of general merchandise products enabling us to sell them at value prices.

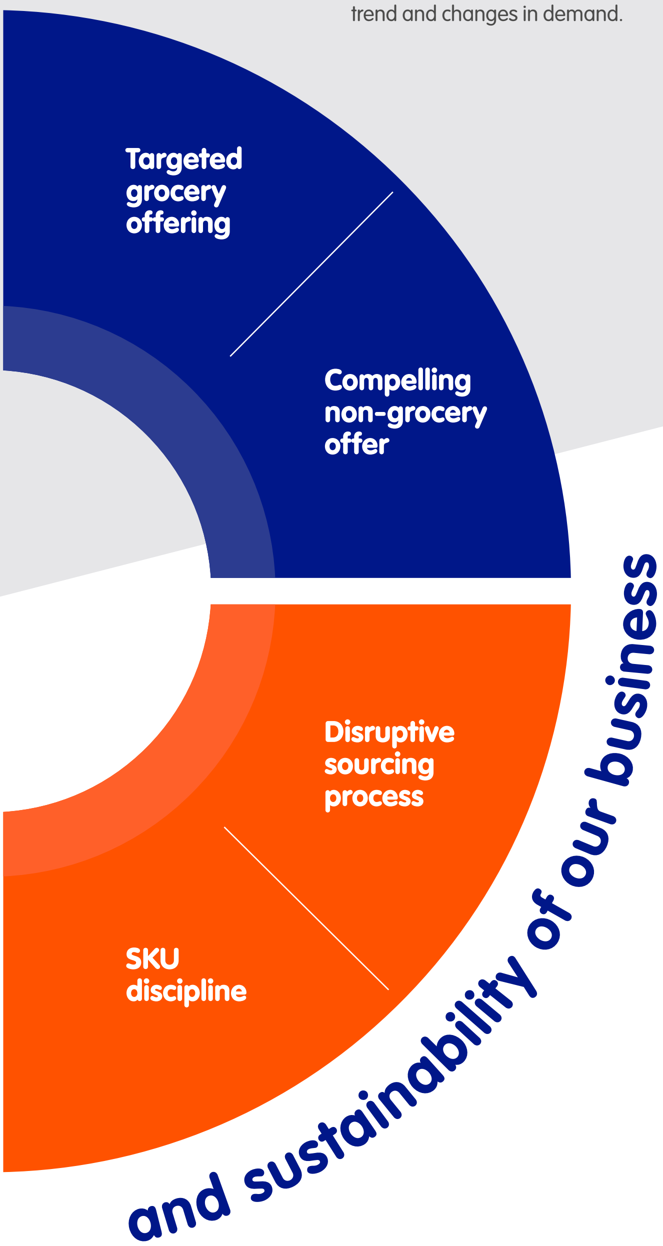


Underpinned by

Corporate social responsibility
See page 33 for more information

Risk management
See page 24 for more information

Our limited product assortment of best selling products enables us to constantly introduce new products and react quickly to what's on trend and changes in demand.



Stakeholder outputs

Service to our customers
Giving great value to customers is at the heart of our business. Helping our customers spend less on the things they buy regularly for their homes and families, is what our business model is designed to constantly deliver from our product offering all year round.

Colleague progression
Our colleagues are vital to the delivery of our products throughout our logistics network and helping customers at our stores. Our continued growth provides new job opportunities and promotions in the communities where we trade. There is plenty of scope for colleagues throughout our store network, supply chain and central operations to build long-term and successful careers in each of our businesses. We take pride in our businesses being innovative and exciting places for colleagues to work, grow and develop to their full potential.

Suppliers as our partners
Our growth is also beneficial to our suppliers. Many of them have established relationships with us over a number of years. We have long-standing trading relationships with a number of well-known household name brands for food, grocery and FMCG. We also have a number of partners with established supplier relationships in relation to our exclusive and other branded general merchandise product ranges. We are proud to promote the brands we own and those of our partners for the mutual benefit and success of our respective businesses.

Investing in communities
Our store opening programmes are targeted at making investments in new stores in communities where we are under-represented or not represented at all. This provides new jobs in local communities each time we open a new store, and local access to our value-for-money products. We are also proud to contribute to the revitalisation of local communities where other retailers have retrenched, and we have been able to provide new investment through our range of different store formats to suit the relevant locality.

Value and returns for Investors
Creating value for all our stakeholders is an essential underpin to creating shareholder value for investors. Our characteristics of low capital-intensity and high-returning cash generative growth, is a relatively rare and powerful combination in bricks and mortar retailing. These characteristics feed into the sustainability of our business model which enhances our ability to provide continued growth and returns to investors.

Financial performance

See page 18 for more information

Long-term strategy

Our strategy is to deliver long-term success and sustainability through our continued growth and expansion.

Operations

Progress

Deliver great value to our customers

Our business model of sourcing household name branded products at everyday low prices, has continued to demonstrate that it provides a compelling proposition to our customers.

We have continued to grow our Like-For-Like sales year on year with our food and grocery product offering to customers (before accounting for increased demand following the on-set of the coronavirus pandemic in the UK).

In our general merchandise ranges, by focusing on the best sellers in each category, we compete favourably with specialist category retailers. A key area of strong growth performance over the last year in our B&M UK business has been our Homeware ranges, following significant improvements made in the product range in that category. Constant newness within our ranges is also a key component of our successful performance in our general merchandise categories overall.

There are opportunities in a number of general merchandise categories where some other bricks and mortar retailers have downsized their store estates or exited the market altogether, for example in Home Adornment and DIY. We have continued to target those categories, where we see potential for further growth under our value-led model.

See page 14 for more information

Invest in new stores

In the B&M UK fascia business we opened 51 new stores in FY20, (36 net of closures and relocations), including both existing properties and new build stores.

In our convenience store chain, Heron Foods, we opened 18 new stores, (12 net of closures and relocations) in FY20.

Some B&M UK fascia and Heron Foods new store openings were deferred beyond the year-end due to Covid-19 restrictions impacting property works.

In France we have opened 5 new stores. These stores were committed to before we acquired the Babou business in October 2018.

See page 14 for more information

Develop our international business

B&M acquired Babou in France in October 2018 with a chain of 95 stores at that time. Before embarking on any significant store expansion programme, we have been focused on testing the B&M model in a number of pilot stores in order to develop and refine it for the French market before rolling it out across the rest of the store estate. We have also introduced some directly sourced stock through the B&M supply chain and expanded the Grocery/FMCG offering of the Babou stores. Planned reductions in clothing and textiles have also been made. The initial results of those changes up until the onset of Covid-19 had been pleasing. The business was however disrupted since the second week of March 2020 as a result of the stores having to be closed until 11 May 2020 under the coronavirus restrictions in France.

See page 15 for more information

Invest in our people and infrastructure

In the UK we created over 2,200 new jobs.

We successfully completed the construction phase and opening of our new 1 million sq ft UK warehouse in Bedford, which has capacity to service at least 300 stores.

We have continued to invest in upgrading our existing store estate with expenditure of £31.3m across the Group in maintenance capital expenditure as part of a rolling programme of continuous investment in the Group's store estate in FY20.

We invested in FY19 a digital Workforce Management System. We had planned to roll it out to stores by the time of this report going to print. The roll-out was unfortunately delayed by the on-set of Covid-19 in view of the one-to-one training required with store colleagues. We have however successfully piloted it and the technology is ready to go live as soon as it's safe to implement it in relation to social distancing.

See page 15 for more information

Performance

UK revenue growth

+12.6%

UK like-for-like sales growth (B&M UK)[1]

+3.3%

See page 18 for more information

See principal risk number 3 on page **26**

Looking ahead

Our focus remains on providing the best-selling products, including leading brands and also heritage branded products at our stores. This has a proven track record of strong customer appeal.

We are continuing to look to exploit opportunities in general merchandise categories where other specialist category retailers are less price competitive and have downsized, creating more opportunity to grow our market share.

Constant investment in refurbishing and refreshing our older stores is important to maintain our high standards of modern, pleasant and safe shopping environments for customers to enjoy when visiting our stores.

UK gross new store openings

51 B&M UK

18 Heron Foods

See page 20 for more information

See principal risk numbers 1 and **13** on pages **25** and **31**

We expect to open 30 net new B&M UK stores in FY21 and a similar number in FY22. Most of the FY21 new store openings will also be in the second half of that year. While the rate of new store openings is impacted by disruption from Covid-19, our overall long term target of at least 950 B&M stores in the UK remains unchanged.

Our Heron Foods convenience store chain expects to open 15 new stores in FY21, subject to any impacts of disruption to building fit-out works from Covid-19.

France revenue growth[1]

+119.4%

See page 20 for more information

See principal risk numbers 1, 3 and **7** on pages **25, 26** and **29**

The Covid-19 restrictions were lifted in France on 11 May 2020 and we were able to re-open stores. The pilot stores are set-up to test the re-branding, changes to the format and product mix in stores, to refine the model and customer proposition before rolling it out across the whole of the store estate. The disruption caused by the pandemic may delay that roll-out by a year.

New colleagues in the UK

+7.1%

See page 33 for more information

See principal risk numbers 1 and **3** on pages **25** and **26**

Following completion of the construction and fit-out of our UK Southern Distribution Centre in January 2020, we have successfully delivered the opening of the warehouse which is now already supporting approximately 200 stores, with the capacity to service at least a further 100 stores.

We continue to invest to ensure that we have appropriate training and processes to attract, retain and incentivise colleagues. We have invested in strengthening the management team and the central head office functions of each of the businesses in the Group. During the year we successfully recruited a Group People Director in the UK and a Distribution Director in France, and since the year-end have made or planned other senior recruitments which are referred to on page 54 below.

1. For part of the period in the prior year in FY19 Babou was not part of the Group. It was acquired by the Group in October 2018.

Chief Executive Officer's review

"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."

Simon Arora
Chief Executive Officer

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 of my report 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 the 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 those 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 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 the testing of a pilot group of stores converted to the B&M format is underway, although progress has been delayed due to the disruption from Covid-19.

Chief Executive Officer's review continued

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 in relation to that business, 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 under-performing 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 in 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 facia 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 in to 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 facia 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
10 June 2020

Everything you need for the garden and patio

B&M now has 164 stores in the UK which have a Garden Centre. That number continues to rise whenever we see the opportunity to create a Garden Centre at our new stores.

The typical size of our Garden Centres is c.8,000 sq ft. Together with the racking and shelving around the perimeter, this enables us to hold a substantial range of garden building, fencing and aggregates products. That leaves plenty of space to display our decorative garden products and plants, for customers to enjoy browsing and buying as they walk around the Garden Centres.

Our Garden Centres have all the main categories of products that you expect to find in any garden centre. But within those categories we maintain our limited assortment discipline in the same way we apply that model to the rest of our product categories. This ensures that throughout each season we can flex our product offering with relative ease and refresh it with new products, to keep pace with customer buying habits and trends.

In our Garden Centres you can find decorative paving stones, coloured gravel, fencing and sheds, sacks of compost or bark, plants, flowers and seeds. Those lines are also supplemented by a gardening and outdoor living department inside our stores. In those aisles you can find a range of garden tools, implements, decorative garden accessories, and also all you need for the barbeque including whole barbeque sets, picnicware and charcoal.

Our Garden Centres also feature a range of attractive wooden outdoor furniture sets and benches for the patio or lawn. We also have arbours, gazebos and arches, which are popular with our customers. For those looking for a lighter more versatile product on the other hand, we have some great deck chairs and recliners in attractive and fun colours and patterns to brighten up any garden or patio. Most importantly, we deploy our low cost discount model to this category, in which we are unaware of any other discounter with a similar national footprint.

164
Garden centres in the UK

Financial review

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.

Paul McDonald
Chief Financial Officer

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% increase[1].

The overall adjusted gross margin[2] was 33.8% (FY19: 34.1%). The adjusted operating costs[2] 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 EBITDA[2] to allow investors to understand better the underlying performance of the business. The items that we have adjusted are detailed in note 4 on page 104, they totalled £(40.7)m in FY20 (FY19: £(5.5)m).

Overall Group adjusted EBITDA[2] increased by 7.1% to £342.3m.

Summary operating profit

£ millions	2020	2019
Revenue	**3,813.4**	3,272.6
Adjusted Gross Profit	**1,289.2**	1,120.2
%	**33.8%**	34.2%
Adjusted Operating Costs	**(946.9)**	(800.6)
Adjusted EBITDA	**342.3**	319.6
%	**9.0%**	9.8%
Depreciation & Amortisation	**(57.7)**	(45.0)
Interest	**(24.6)**	(22.2)
Adjusted Profit before tax	**260.0**	252.4
Adjusting items	**40.7**	5.5
Adjusted Interest	**0.1**	(1.0)
Impact of IFRS 16	**(48.8)**	(12.6)
Profit before tax	**252.0**	244.3

Reconciliation of adjusted items

£ millions	2020	2019
Profit on ordinary activities before interest and tax	**333.7**	319.5
Add back depreciation and amortisation	**57.7**	45.0
Add back depreciation on right-of-use assets	**148.6**	174.9
Exclude effects of IFRS 16 on administrative costs	**(154.1)**	(162.6)
EBITDA[2]	**383.0**	325.0
Fair value effect of ineffective derivatives	**(0.6)**	(5.7)
Foreign exchange on intercompany balances	**(3.7)**	2.8
Foreign exchange on acquisition facility	**3.3**	(3.0)
Gain on sale and leaseback of the Bedford warehouse	**(49.0)**	0.0
Cost effect of the closure of the French stores due to Covid-19*	**2.9**	0.0
Gross profit effect of the closure of the French stores due to Covid-19	**6.4**	0.0
Costs associated with the acquisition of Heron	**0.0**	0.4
Adjusted EBITDA[2]	**342.3**	319.6

* 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 £6.396m was also made relating to losses we are likely to incur on 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.

For further information and segmental detail of adjusted measures see notes 3 and 4 to the financial statements on pages 102 to 105.

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[3] 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 EBITDA[2] increased by 8.7% to £319.8m (FY19: £294.1m) and the adjusted EBITDA[2] margin decreased by 36bps to 10.2%.

Constant currency revenue comparison

				Constant Currency		
£/€'000	2020	2019	%	2020	2019	%
Babou in €	**324,210**	146,462		**324,210**	146,462	
Exchange Rate	**1.1441**	1.1341		**1.1441**	1.1441	
Babou in £	**283,376**	129,144		**283,376**	128,016	
B&M	**3,140,144**	2,789,431		**3,140,144**	2,789,431	
Heron	**389,867**	354,057		**389,867**	354,057	
Total Per Segment	**3,813,387**	3,272,632	16.5%	**3,813,387**	3,271,504	16.6%

Like-for-like reconciliation – B&M Fascia

	2020	2019	%
Like-for-Like Revenue[3]	**3,242,488**	3,139,087	3.3%
New Stores opened after March 30 2019	**180,706**	0	
New Stores opened prior to March 30 2019	**195,515**	58,543	
Closed Stores	**432**	33,241	
Gross Segment Revenue	**3,619,141**	3,230,871	
Value Added Tax / Commission Income	**(506,793)**	(452,959)	
Wholesale Revenues	**27,796**	11,519	
Revenues of B&M Retail Segment	**3,140,144**	2,789,431	12.6%

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 EBITDA[2] 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 on-going trading of Jawoll. This was in consideration for a €5.6m intra-group trading account and a €43.0m loan provided by the Group. The loss from discounted operations was £113.9m, reflecting a loss on writing-off loan balances, trading losses in the year and the 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 tax[2] 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 B&M UK business 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 basis[2], 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 share[2] 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 EBITDA[2], 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 debt[6] in the year has reduced to £347.5m (FY19: £610.9m) and the net debt[6] to adjusted EBITDA[2] 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 to 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 generally. 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[5]. The ex-dividend date will be 20 August 2020.

Paul McDonald
Chief Financial Officer
10 June 2020

1 Constant currency comparison involves restating the prior year Euro revenues using the same exchange rate as used to translate the current year Euro revenues. The comparison is a measure generally used by businesses which trade with multiple currencies, to allow a comparison to prior year revenue without it being distorted by changes in the exchange rate year on year.

2 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. EBITDA, Adjusted EBITDA and Adjusted Profit are non-IFRS measures and therefore we provide a reconciliation from the statement of comprehensive income. See the reconciliation of adjusted measures to statutory measures on page 19 for further details. EBITDA represents profit on ordinary activities before net finance costs, taxation, depreciation and amortisation. The figures presented in the strategic report are for the 52 weeks ended 28 March 2020, and the comparable figures for previous year are for the 52 week period ended 30 March 2019.

3 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. Like-for-Like revenues is a measure generally used by retail businesses to provide a better understanding of how the comparable stores in the business have performed year on year, as it does not include the impact on revenues from new store openings and store closures.

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

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

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.

Key performance indicators

Monitoring performance

The key performance indicators we use to monitor the performance of the Group and how we performed against them are as follows:

Financial

Total sales growth (%)[1]

16.5%

Strategic link

A B C

Description

Our strategy is to grow our business in our chosen markets in the UK and France. This measure, together with the number of new store openings demonstrates our performance against that goal.

Performance

The business grew revenues by 16.5% and B&M UK store numbers by 5.8% and our strategy remains on track.

Capital expenditure (£m)[2]

£124.6m

Strategic link

B

Description

As our growth is mainly derived from investment in new stores, we monitor capital expenditure to ensure the expenditure on investment in new and existing stores is not excessive but sufficient to grow and maintain our existing store estate.

Performance

We incurred £92.6m of capital expenditure, excluding £32.0m of the expenditure on the development of a new southern distribution centre and the acquisition of some freehold stores. The freehold stores will ultimately be the subject of sale and lease-back transactions. Our capital expenditure was within our budgeted targets.

Adjusted EBITDA (£m)[1]

£342.3m

Strategic link

A C

Description

In addition to growing sales, as we open new stores we want to ensure that the sales growth is profitable. We measure our profitability by our adjusted EBITDA performance.

Performance

The Group's adjusted EBITDA grew by +7.1%, and our strategy remains on track.

Adjusted EBITDA (%)[1]

9.0%

Strategic link

A C

Description

To ensure we are not diluting our earnings as we expand our business, in addition to the cash adjusted EBITDA we also measure this as a percentage.

Performance

The Group's adjusted EBITDA was 9.0%.

Adjusted diluted earnings per share[1]

20.3p

Strategic link

A

Description

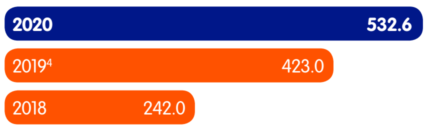
It is important to our investors that we grow our earnings per share as well as our adjusted EBITDA. This measure is after we have taken account of depreciation, interest and tax charges.

Performance

The adjusted diluted earnings per share grew by 0.5%.

Cash generated from operations (£m)

£532.6m



Strategic link

A B C D

Description

In addition to monitoring adjusted EBITDA growth, we are committed to continuing to be efficient in generating cash. We monitor this to ensure that we are actively managing our working capital and in particular our stock levels.

Performance

We grew our cash from operations by 25.9% in the year.

1. 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. EBITDA, Adjusted EBITDA and Adjusted Profit are non-IFRS measures and therefore we provide a reconciliation from the statement of comprehensive income. See the reconciliation of adjusted measures to statutory measures on page 19 for further details. EBITDA represents profit on ordinary activities before net finance costs, taxation, depreciation and amortisation.
2. Capital expenditure includes the purchase of property, plant and equipment, intangible assets.
3. Like-for-like revenues relates to the B&M estate only and includes 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 taken as it excludes the two month halo period which new stores experience following opening.
4. The figures for the financial year ended 30 March 2019 have been restated to exclude Jawoll, to provide a comparable basis with those for the continuing operations as at 28 March 2020.

UK like-for-like sales growth (%)[3]

+3.3%

2020	3.3
2019	0.7
2018	4.7

Strategic link

A B C D

Description

The main driver of our growth is the new store opening programme. However at the same time we want to see sustainable profitability from the existing store estate. The main indicator we use to ensure that the profitability of the existing store estate is sustained, is like-for-like sales.

Performance

We grew our UK like-for-like sales by +3.3%.

Profit before tax (£m)

£252.0m

2020	252.0
2019[4]	244.3
2018	229.3

Strategic link

A B C D

Description

Our overall profit before tax growth, in addition to using our adjusted EBITDA as a performance indicator, to monitor our depreciation, amortisation and interest expenses and charges.

Performance

We grew our profit before tax by 3.1%.

Non-financial

Net new stores opened

53

2020	53
2019	70
2018	59

Strategic link

A B C D

Description

Our new stores opening programme is the main driver for growth across the Group.

Performance

We grew our B&M store estate in the UK by 36 stores, our Heron Foods store estate in the UK by 12 stores, and our Babou store estate in France by 5 stores in the year under review.

UK market share

c.1.2%

2020	c.1.2
2019	c 1.0
2018	c 0.9

Strategic link

A B C D

Description

Our market share of store based retail sales is relatively low in all our markets. This means there are lots of catchments where the public does not have easy access to stores, which provides us with opportunities for continued expansion.

Performance

In the UK alone we believe that a store target of at least 950 B&M fascia stores is achievable. We opened 36 net new B&M fascia stores in the year under review, giving a total estate of 656 stores for that fascia. We will continue to review our current store opening programme for FY21 while the general economic situation stabilises following the Covid-19 pandemic.

Colleague Step-Up Programme

125

2020	125
2019	202
2018	194

Strategic link

A B C D

Description

Developing, training and promoting home grown talent in relation to the management of our stores, is important in relation to colleague retention and progression. Our Step-Up programme includes training over an 8 month period for existing colleagues in relation to a variety of store operational areas.

Performance

In the financial year under review, 125 existing colleagues were promoted under our Step-Up programme to Store Manager or Deputy Store Manager roles in the B&M fascia business in the UK. While the absolute number of promotions this year was less than the two previous years, the total number of vacancies in Store Manager and Deputy Store Manager positions during the year was 26% less than the previous year.

Link to strategy key

- A Delivering great value to our customers
- B Investing in new stores
- C Developing our international business
- D Investing in people and infrastructure

Risk management approach

The following principal risks and uncertainties could have an impact on our business model and strategy. Mitigating steps aimed at managing and reducing those impacts are being employed by the Group as summarised below.

Risks and mitigations are reviewed as part of the oversight of the system of internal controls by the Audit & Risk Committee and reported on to the Board which takes overall responsibility for risk management.

The Internal Audit function of the Group considers current business risks and reports on the effectiveness of internal control procedures to the Audit & Risk Committee as part of its annual internal audit plan.

The Group's framework for managing its consideration of risk appetite forms part of the annual risk management cycle and is used to drive and inform actions undertaken in response to the principal risks identified by the Board. Within this framework, the Group's appetite for risk is defined with reference to the expectations of the Board for both commercial opportunity and internal control and it is used to inform the Group's annual internal audit plan.

Category of risk	Tolerance
Strategic	Medium
Financial	Low to medium
Operational	Low
Compliance	Extremely low

Risk management framework

Responsibility for identifying and evaluating new and emerging risks and mitigating actions lies with management. The Audit & Risk Committee, with the support of the Internal Audit department and the Group's General Counsel, is responsible for monitoring risks and mitigating actions and for reporting matters of concern to the Board.

The Board oversees the risk management of the Group. It evaluates the recommendations made by the Audit & Risk Committee and determines the framework of the type of controls and mitigating steps required to be implemented, in the context of how those risks could impact the overall objectives of the business.

Responsibility for the implementation of processes and controls in relation to the management of risk is delegated by the Board to the executive and operational senior management of the UK and French businesses.

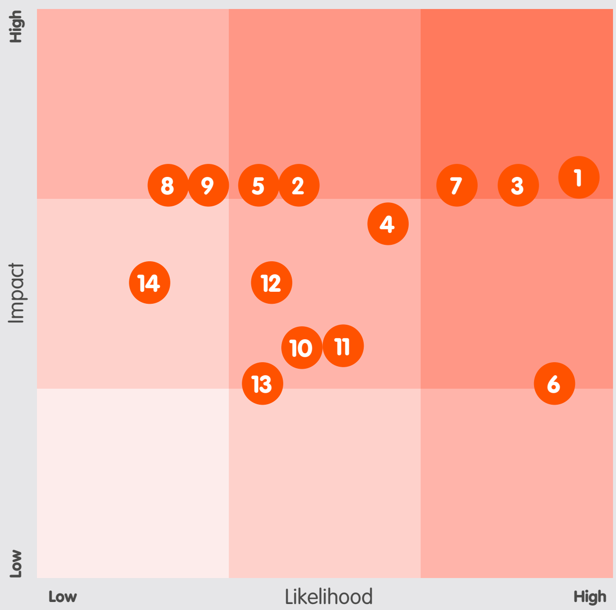
The Internal Audit department reports to the Audit & Risk Committee at each meeting during the year on the progress of implementation by management of actions to mitigate risks.

Principal risks
Covid-19 was added as a new principal risk by the Board in 2019/20 in addition to those set out below. None of the principal risks included in the 2018/19 financial year have been removed.

An assessment is made by the Board of the likelihood or probability of a risk occurring and the impact of the risk after taking account of mitigating factors and controls. The assessment of that is set out in the heat map opposite.

The heat map indicates the Board's opinion of the likely degree of impact of each risk after taking into account the risk mitigations referred to in the principal risks table on pages 25 to 31.

Principal risks heat map



1 Covid-19
2 Supply chain
3 Competition
4 Economic environment
5 Regulation and compliance
6 European Union exit
7 International expansion
8 Warehouse infrastructure
9 IT systems, cyber security and business continuity
10 Credit risk and liquidity
11 Commodity prices/cost inflation
12 Key management reliance
13 Store expansion
14 Stock management

Principal risks table

The table below describes (i) the main risk exposures identified by the Board in relation to our Group businesses, (ii) the mitigating factors which relate to how we manage each of the risk exposures, and (iii) the linkage between our business strategy and the relevant risk exposures. We also summarise (where relevant) key actions arising in the year in relation to how we have addressed certain aspects of those risks. We have also indicated where there were any changes in the profile of any of the risks, which reflects the Board's view of the current trend in relation those risks.

The risks set out in the table are not an exhaustive list. They represent the main risks to the Group in relation to the period under review and also currently, in the opinion of the Board.

Risk number	Description & potential impact	Strategic Priority	Risk mitigations	Change
1 **Covid-19 (New risk)**	Prolonged social restrictions due to the coronavirus or any reoccurrence of it in the UK, France or China could impact consumer demand, supply chains, the ability of colleagues to work and our stores continuing to operate at expected levels of profitability. It could also affect the timing of new store openings in relation to completion of works by contractors.	A B C D	• The categories of goods which the B&M UK and Heron Foods businesses sell are essential goods within the UK Government guidelines except for a limited range of items (such as toys). • Implementation of social distancing steps in accordance with UK Government guidance and other measures for colleagues and customers at stores and in our supply chain. • Maintaining sufficient liquidity for our on-going operations. • Maintaining (i) flexibility in our distribution function and with suppliers to cope with additional demand in relation to food and FMCG items, and (ii) controls of orders of lines where demand has slowed to protect against over-stocking in certain categories. **Key Actions in 2019/20:** • From the early stages of the coronavirus restrictions taking effect in China, contingency plans were put in place by the B&M UK business to protect our supply chain (as referred to above under the key actions in relation to the Supply chain risk) without resulting in any material disruption to supplies, costs or prices, having mainly been offset by stock cover held in our UK distribution centres of c.12 weeks cover for general merchandise goods. • From the early stages of the coronavirus restrictions taking effect in the UK, the B&M UK business increased the volume of orders of food and FMCG goods to keep pace with the initial spike in demand for those items in particular. We re-deployed colleagues in our warehouse estate to prioritise the picking of those goods to replenish stores as quickly as possible to meet customer requirements. • Measures were taken to temporarily close 49 B&M UK smaller format town centre or precinct location stores and furlough colleagues, under the Government's Coronavirus Job Retention Scheme to protect jobs. Those stores represented c.3% and c.2% of revenue and store contribution EBITDA respectively in the financial year under review. We have since now re-opened these stores as the overall impacts on trading have begun to moderate. • As our French business was required to close all of its 101 stores on 15 March 2020, we furloughed staff under the scheme in France in relation to stores, the warehouse and business support operations. The business has been operational again since 11 May 2020, and all the stores have now re-opened. • We have introduced flexible working arrangements for business support colleagues in relation to working hours and homeworking arrangements in our UK businesses.	n/a

Link to strategy key

A Delivering great value to our customers
B Investing in new stores
C Developing our international business
D Investing in people and infrastructure

Risk change key

↑ Increased risk — No change ↓ Decreased risk

Principal risks and uncertainties continued

Risk number	Description & potential impact	Strategic Priority	Risk mitigations	Change
2 **Supply chain**	Imported goods from China represent a significant proportion of the Group's general merchandise products. Lead time delays in the supply chain could result in lower sales and potential loss of margin through higher markdowns. Disruption to the supply chain arising from civil unrest, natural disasters, diseases and pandemics, ethical trading issues or quality standards failures could impact our trading performance and brand reputation.	A	• We have an experienced sourcing team which is responsible for maintaining an efficient and effective supply chain. • A range of alternative supply sources are maintained across the product categories and we are not over-reliant on any one single supplier. • The Group has anti-bribery and corruption and anti-modern slavery policies in place in relation to its supply chain. • A combination of individual buyers and sourcing agent employees conduct supplier factory visits. **Key Actions in 2019/20:** • We have taken steps in relation to Brexit risks, impact assessments and actions (as referred to above in relation to that particular risk) to address impacts in particular on procurement and port clearance of goods. • During the period that the coronavirus had the main impact on factories and ports in China, contingency plans were put in place to source supplies of products from other countries and regions had that become necessary. This might impact on the price of products and logistics costs to an extent, but to offset impacts on prices and logistics costs we also sourced some UK branded general merchandise stock. Our stock cover of c.12 weeks on general merchandise imported goods resulted overall in very limited impacts arising and limited recourse only to our contingency plans.	↑
3 **Competition**	The Group operates in highly competitive retail markets in the UK and France which could materially impact the Group's profitability, share price and limit growth opportunities.	A C D	• Continuous monitoring of competitor pricing and product offering. • Development of new product ranges within the product categories to identify new market opportunities and target new customers. **Key Actions in 2019/20:** • We have continued to maintain our strict SKU count discipline within our ranges, enabling us to react quickly to ever changing consumer tastes, trends and buying habits. • We commissioned a customer insight survey to measure our strengths and weaknesses against our competitors, to provide management with indicators of where we can improve our competitive edge relative to our peer group and other discount retailers. It is our intention to repeat that exercise or conduct similar testing each year so we can track progress against each of the indicators and outputs from those surveys.	—
4 **Economic environment**	A reduction in consumer confidence could impact upon customer spending and subsequently revenue and profitability, as a result of the prevailing macroeconomic conditions in the markets in which we operate.	A B C D	• We offer a range of products and price points for consumers which allows them to trade up and down. • We maintain a low cost business model that allows us to maintain our selling prices as low as possible. • We have an effective forecasting process that enables actions to be undertaken reflecting economic conditions. **Key Actions in 2019/20:** • In light of the uncertainty in relation to consumer confidence following Brexit, we have continued to ensure that we remain focused on only stocking the top best-selling lines across our ranges, and we have redoubled our efforts to ensure that our stores have all of our top 100 best-selling products ready on the shelves on a daily basis.	↑

Link to strategy key

A Delivering great value to our customers
B Investing in new stores
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D Investing in people and infrastructure

Risk change key

↑ Increased risk — No change ↓ Decreased risk

Risk number	Description & potential impact	Strategic Priority	Risk mitigations	Change
5 **Regulation and compliance**	The Group is subject to a range of regulatory and legislative requirements, including those relating to the importation of goods, anti-bribery and corruption, anti-modern slavery, anti-tax avoidance & evasion, health & safety, employment law, General Data Protection Regulation ("GDPR"), control of pollution and contamination to the environment, the Listing Rules, Transparency laws and regulations and the Groceries Supply Code of Practice (the "Groceries Code"). The impact of failure to comply with laws and regulations could lead to financial penalties and significant reputational damage.	C D	• We have a number of policies and codes, including a code of conduct which incorporates an anti-bribery & corruption policy, which outlines the mandatory requirements we apply to our business. Our codes and policies are communicated to staff along with our employee handbook which is made available to everyone joining the business. • Management are responsible for liaising with the Group's General Counsel (and external advisors where required) to ensure that we identify and manage compliance with all applicable new legislation and regulations which apply to us in Luxembourg, the UK and France. Changes in legal and regulatory matters (including those arising from Brexit) are monitored closely on a regular basis by the Group's General Counsel, who provides reports on new regulatory developments directly to the Board as well as its Committees and Executive Management. The Internal Audit function of the Group includes assurance testing and auditing of the Group's implementation of new areas of regulatory compliance. • We have a whistleblowing procedure and policy which allows colleagues to confidentially report any concerns or inappropriate behaviour within our business. • In relation to anti-modern slavery and other standards relating to human rights within our supply chain, the Buying teams in our business are charged with ensuring that every supplier is required to adhere to our Workplace Policy standards. • The Company has a Group-wide GDPR policy. Our privacy policies, processes in relation to data subject rights requests, privacy notices given to all our colleagues, and privacy notices for users of our websites and subscribers to our on-line mailing lists are reviewed to ensure they are GDPR compliant. • Our Groceries Code compliance programme includes guidance and training for colleagues, monitoring of compliance, reporting of potential non-compliance issues, dispute resolution procedures and a Code Compliance Officer who oversees compliance and the resolution of code related issues with suppliers in the event of escalation being necessary or required by a supplier. Oversight of our compliance with the Groceries Code is carried out by management and reviewed by the Audit & Risk Committee as a standing agenda item at each of the meetings of that committee throughout each year. **Key Actions in 2019/20:** • We have refreshed our GDPR policies and training across our store network to reinforce the importance of the essentials principles to be followed in relation to GDPR (including CCTV matters) in relation to our shop floor colleagues. • Our Groceries Code Compliance Officer, Group General Counsel, Internal Audit function and Chairman of our Audit & risk Committee have actively engaged during the year with the Groceries Code Adjudicator ("GCA") at individual meetings and also fairs and events held by the GCA with other retailers and suppliers. This has helped to develop a close and constructive working relationship and dialogue with the GCA as the oversight body in relation to compliance with the Groceries Code. • In relation to the environment, emissions and sustainability our UK business has continued to invest in initiatives to reduce its carbon footprint with: (i) continuing to invest in our c.215 Heavy Goods Vehicles which are all Euro VI emissions standard engine trucks, being the highest standard of fuel efficient engines for managing levels of emissions, and (ii) the addition of our Bedford warehouse for deliveries in the South of the UK, which will lead to significant reductions in miles travelled for deliveries to our stores in the South of England.	—

Principal risks and uncertainties continued

Risk number	Description & potential impact	Strategic Priority	Risk mitigations	Change
6 **European Union exit**	The UK's planned exit from the European Union has several potential impacts in the areas of economic and regulatory environment, withholding tax paid on internal dividends, import of goods due to currency exchange volatility and increased import duties, availability & cost of labour, and potentially other unknown impacts. Labour restrictions in the UK could affect our ability to recruit Distribution Centres Operatives and HGV Drivers at budgeted rates.	A	• We have a Brexit planning strategy which will continue to be monitored during the official transitional period. Our planning included the assessment of Brexit risks, impact assessments and mitigations in relation to trade & tariffs, port disruption, labour shortages and hedging arrangements. • There are a limited amount of products purchased by our UK businesses directly from the EU. Those products could also be sourced elsewhere, de-listed or in a worst case scenario the cost price may increase for certain limited items as a result of tariffs being imposed. • We have continued to keep in close contact with our FMCG suppliers, and our household name branded FMCG goods suppliers have confirmed they have Brexit plans in place to maintain continuity of supply. • The B&M UK business is an Authorised Economic Operator which affords it preferential treatment on the importation of goods, and facilitates efficient clearance at the ports. • Our B&M UK business imports the majority of its general merchandise stock into the Port of Liverpool, as opposed to Southern ports which are considered to be more at a greater risk of being more heavily impacted. • Short-term exchange rate volatility is mitigated by our forward currency position. Any continued volatility beyond that would affect the economic inflationary environment in the UK as a whole. **Key Actions in 2019/20:** • The Audit & Risk Committee of the Board have continued to monitor Brexit impacts and mitigations with management. An Internal Audit assurance review was undertaken of the Brexit planning key assumptions and mitigations of management, which was reviewed by the Audit & Risk Committee and reported on to the Board. The results of that review indicated that management have a comprehensive set of mitigations in place to ensure the least disruption is incurred by the UK business from Brexit in relation to its supply chain, product availability import clearances and labour. • In relation to the above risk mitigations, testing and assessments carried out in the year we do not consider the impacts of this risk to have materially changed in the period under review. We have not been significantly affected in relation to the availability of labour operatives for our distribution centres, or experienced any significant issues in relation to our supply chains.	—

Link to strategy key

A Delivering great value to our customers
B Investing in new stores
C Developing our international business
D Investing in people and infrastructure

Risk change key

↑ Increased risk — No change ↓ Decreased risk

Risk number	Description & potential impact	Strategic Priority	Risk mitigations	Change
7 **International expansion**	Developing our businesses in our new market territories is important to the Group's strategic plans. Expanding into new markets creates additional challenges and risks which could impact the overall performance of the Group, its growth and profitability.	C	• We have significant international retail experience on our main Board. • The Group will continue to support the development of the experienced senior leadership teams in France in key operational areas. • We assess markets in which we may wish to operate or expand into, to ensure they are appropriate for value retailing and that product ranges are developed and selected by local buying teams along with access to leverage from the Group's supply chain. • Continuing to invest in both the infrastructure and technology of our French business. **Key Actions in 2019/20:** • A strategic review was undertaken in relation to our loss making Germany subsidiary, Jawoll. That was initiated in response to lower than expected sales and gross margin performance in the year, in addition to significant increases in warehouse and transport costs. As a result of the review the Group has sold the German business. While that has had some immediate financial impacts with write-off's of loan funding support which the Group had provided to Jawoll, as the business had proved to be unsuccessful under our ownership, it was in the best interests of the Group and all our stakeholders (including the colleagues working in that business) to have achieved a sale of the business as a going concern. • A Distribution Director has been recruited to our French business, Babou. This will enable us to manage the succession from the pre-acquisition legacy management of the warehousing function, which had previously been run on an outsourced basis, to a directly managed warehouse function in Babou.	↑
8 **Warehouse infrastructure**	The loss of one of our warehousing facilities or failure to maintain and invest in our warehousing and transport infrastructure as the business continues to grow its store portfolio, could materially impact short/medium term trading and the profitability of the business.	B D	• Forward plans have been implemented for additional warehousing capacity to support our new store opening programme. The Group in the UK has six separate warehousing locations (having added Bedford this year and closed an older warehouse in Blackpool). The additional warehouse in Bedford, which mainly serves as a hub to support our expansion in the South of England, is now in the initial stages of operation. • The Group maintains adequate business interruption and increased cost of working insurance in the event of a loss of warehouse facilities. **Key Actions in 2019/20:** • Three of the major benefits of the Bedford Distribution Centre are: (i) increasing capacity in the South of England to service store expansion; (ii) enabling us to close a smaller older legacy warehouse in Blackpool with the main modern warehouses in Liverpool taking up that capacity; and (iii) over time leading to significant net reductions in miles travelled by our HGV fleet servicing deliveries to our stores in the South of the UK. • Our state of the art Warehouse Management System is now live and rolled-out within all our main UK Distribution Centres.	↓

Principal risks and uncertainties continued

Risk number	Description & potential impact	Strategic Priority	Risk mitigations	Change
9 **IT systems, cyber security and business continuity**	The Group is reliant upon key IT systems, and disruption to those would adversely affect business operations including those at our warehouses and stores. The potential impact of a failure to protect and maintain our data and systems could lead to significant business disruption, potential prosecution and also reputational damage. This also applies to any failure to protect the Group's IT systems and data from viruses, cyber invasive threats, corruption or sabotage.	D	• All critical business systems have third party maintenance contracts in place and those systems are industry standard retail business systems. • IT investments and budgets are reviewed and approved at Board level. • We have a disaster recovery strategy and plan in place for all of our key systems. • We have an on-going Payment Card Industry compliance strategy. • IT security is monitored at Board level and includes penetration testing and up-to-date security software. • Significant decisions for the business are made by the Group or operational boards with segregation of duties enforced on key business processes, such as the payables process, and a robust IT control environment is in place. **Key Actions in 2019/20:** • We have commenced the roll-out of a card payment encryption system with Worldpay which is expected to be fully implemented across all the B&M UK fascia stores by the end of June 2020. This will enhance our IT cyber security and PCI controls in relation to processing card transactions. • We monitor cyber security and have continued to update our software with leading providers which screen, detect and block viruses, malware and phishing. This has included the addition of Mimecast software to guard against suspicious emails and email viruses being imported into our systems.	—
10 **Credit risk and liquidity**	The Group's level of indebtedness and exposure to interest rate and currency rate volatility could impact the business and its growth plans.	A	• A treasury policy is in place to govern foreign exchange, interest rate exposure and surplus cash. • Regular weekly cash flow forecasts are produced and monitored. • Forward looking cash flow forecasts and covenant testing forecasts are prepared to ensure sufficient liquidity and covenant headroom exists. **Key Actions in 2019/20:** • Hedging of foreign currency rate exposures with instruments in place to cover forward exchange movements have been maintained throughout the year in line with our treasury policy.	—
11 **Commodity prices/cost inflation**	Escalation of costs within the supply chain arising from factors such as increases in raw material and wage costs. Additionally, increased fuel and energy costs could impact upon distribution, logistics and store overheads.	A	• Freight rates, energy and currency are forward purchased to mitigate against volatility and to allow the business to plan and maintain margins. • Wage increases are offset where possible by productivity improvements. • Forecasts and projections produced by the business include the expected impact of the national living wage and therefore the Board's strategic planning takes account of that. **Key Actions in 2019/20:** • We have freight rate agreements in place with freight forwarders for 2020 with set prices for several months ahead. • Energy purchases have also been agreed through an energy broker until September 2022. • Productivity savings, including reducing the time spent by colleagues on administrative tasks in stores, have been achieved by the investment and roll-out of a digital technology based Workforce Management System.	—

Link to strategy key

A Delivering great value to our customers
B Investing in new stores
C Developing our international business
D Investing in people and infrastructure

Risk change key

↑ Increased risk — No change ↓ Decreased risk

Risk number	Description & potential impact	Strategic Priority	Risk mitigations	Change
12 **Key management reliance**	The Group is reliant on the high quality and ethos of the executive team as well as strong management and operational teams. There is a risk that a lack of succession planning for senior colleagues could impact on the performance overall of the business.	D	• Key senior and operational management are appropriately incentivised through bonus and share option arrangements to retain talent. • The composition of the executive team is kept under constant review to ensure that it has the necessary resources and skills to deliver the Group's plans. • The Nomination Committee develops succession plans for the Board of Directors and key senior operational management resourcing positions. It also reviews the wider senior management resourcing needs of the Group. **Key Actions in 2019/20:** • The Group has continued to strengthen the senior management teams of its businesses. This has included (i) the appointment of an International Finance Manager reporting directly to the CFO, to support our French business, (ii) the appointment of a HR Director reporting directly to the CEO, with strategic human resources responsibility in relation to each of our Group businesses.	↓
13 **Store expansion**	The ability to identify suitably profitable new store locations is key to delivering our growth plans. Failure to identify suitable locations in areas targeted for new stores could impact upon store expansion plans and reduce the rate of growth in the business.	B	• Our CEO actively monitors the availability of retail space with the support of internal and external property acquisition consultants. • The flexibility of the trading format allows us to take advantage of a range of store sizes and locations. • Each new store opening is approved by the CEO ensuring that property risks are minimised and that lease lengths are appropriate. • Where new locations may impact on existing locations, the cannibalisation effects are estimated and then monitored and measured to ensure that there is an overall benefit to the Group. **Key Actions in 2019/20:** • The B&M UK business has taken steps, where new store opening opportunities exist in current store locations, to replace older generation stores with better quality sites and premises. That mitigates the potential effects of cannibalisation and also improves the quality and performance of the estate in addition to new store openings in brand new locations for the business.	—
14 **Stock management**	Ineffective controls over the management of stock could impact on the achievement of our gross margin objectives. Lack of product availability or over-stocking could impact on working capital and cash flows.	A	• We have a highly disciplined limited SKU count throughout our product ranges and effective regular markdowns on slow moving product lines. • Our non-seasonal initial stock orders do not exceed c. 14 weeks of forecast sales and action is undertaken after c. 4 weeks of trading to either repeat the order, refresh the product design or discontinue the product line. • Consistent levels of stock cover by product category are maintained through regular reviews of open-to-buy process, supported by the disciplined SKU count. **Key Actions in 2019/20:** • We have implemented further controls on open-to-buy processes in our French business with weekly stock cover procurement reporting and controls.	—

Principal risks and uncertainties continued

Viability statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group. This assessment has been based upon the Group's three-year strategic plan (the "plan") and has taken into account the current position of the Group, the principal risks and uncertainties as detailed on pages 25 to 31 of the strategic report and the Group's prospects.

We operate in a competitive retail environment and need to be able to react to changes in retail markets and consumer trends. Accordingly, we set our strategic plan on a three-year cycle which is common practice in the retail sector.

In making their assessment the Directors considered:

- the Group's current balance sheet, its strong track record of generating operational cash flows and returns to shareholders and stress testing of the key trading assumptions within the Group's plan;
- the potential impact on the Group's business model, future trading expectations and liquidity of one or more of the principal risks set out on pages 25 to 31 occurring in the period;
- the likely degree and effectiveness of possible mitigating actions in relation to the principal risks;
- the implementation of the Group's plan following its acquisition of Babou in October 2018;
- the Group's longer term distribution infrastructure plan; and
- the Group's debt facilities of £450m in relation to the term loan and revolving credit facility which mature in August 2021, and the high yield bond of £250m which matures in February 2022. Based on discussions with lenders, the Directors have no reason to believe that the Group would not be able to refinance this debt on acceptable terms. The acquisition facility in relation to the purchase of Babou of which €93m has been drawn down is repayable in October 2020, and it has been assumed that it is repaid in full by then.

The stress testing undertaken included the flexing of a number of key assumptions within the three year plan, namely future revenue growth, including both like-for-like revenues and revenues from the new store openings, gross margins, operating costs, the impact of interest rates and working capital management, which may be impacted by one or more of the principal risks to the Group. The majority of the categories of products sold in the Group's UK businesses are classified as essential goods under the UK Government's recent lockdown measures. The Group did not therefore think there was a case for testing the impact of a total closure of the business.

A number of other severe but plausible scenarios were considered by the Board. They included:

- a decline of c.13% per annum of like-for-like annual sales in the Group's main UK trading business, B&M, as a result of competition, changes in consumer buying patterns or potential on-going disruption following the coronavirus outbreak;
- a decline of 33 basis points per annum in the gross margin of the Group's main UK trading business due to higher costs of imported goods arising from commodity price increases, increases in import duties and adverse currency exchange rate movements;
- a marked deterioration in working capital creating significant pressure on liquidity, due to ineffective controls on stock; and
- potential additional costs of working arising in the event of a continuation or reoccurrence of the coronavirus outbreak resulting in a permanent increase in the costs of servicing stores and customers.

The Board considered the mitigating steps which they would take to protect the Group in the event of any of those scenario's arising, and determined that the following measures would be necessary to protect its cash flow and liquidity:

- the temporary suspension of dividend payments;
- limiting capital expenditure to essential maintenance only; and
- suspension of the new store opening programmes.

Each of the above scenario's exceed the impacts of principal risks which the Group has encountered in its trading experience to date. Based on the assessment, stress testing and mitigating actions referred to above, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years to 25 March 2023.

Going concern statement

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.

Strategic Report

Corporate social responsibility

Investing in people and communities

In the communities we serve we provide shoppers with great prices, create new local jobs each time we open a new store, and help to sustain areas where people live and work.

People

Colleagues and progression

Our policy in relation to our colleagues is to:

- provide equality of opportunity in relation to recruitment and promotion;
- provide modern, safe and clean working environments at our stores, distribution centres and in our transport operations; and
- ensure that all colleagues are treated with dignity and respect.

See page 34 for more information on diversity and equality

In addition to our overall policy for our workforce (see box above), we have a number of other detailed policies relating to our terms and conditions of employment and workplace matters. These policies are designed to ensure that we provide appropriate safeguards and practices for the benefit of all our colleagues throughout all of our different working environments, and to ensure compliance with legislation.

The outcome and impact of our policies in the year, in relation to opportunities for new colleagues and promotions at our stores, are as follows:

- our Group now employs over 34,000 people across our three businesses. The vast majority of those colleagues are based in the UK in our B&M stores business;
- we have created over 1,600 new jobs alone in B&M in the UK in financial year under review; and
- from our policy of developing our own talent, in the financial year under review 125 (2019: 202) colleagues were promoted under our Step-Up programme to either store manager or deputy manager positions at B&M UK stores. There were 26% less vacancies available under the Step-Up programme this year, so the 125 promotions made under it was still a pleasing result.

The programme gives colleagues a great opportunity to demonstrate their talent and hard work, and to grow to the next level.

Our business also benefits with our culture, values and service being maintained through the continuity which comes with the promotion and retention of existing colleagues.

We reward our store management teams through an annual bonus scheme, and we also run regular incentive schemes to drive and reward high performance.

B&M also has a share incentive plan which is open to all B&M UK employees after 12 months service, to provide them with the opportunity to participate in the future success of B&M as a shareholder.

Through our e-based portal (the "Hub") we maintain daily engagement with our Regional and Area Managers in our central operations team.

This gives them instant information updates, through smart tablets distributed by B&M, on a range of business, operational and workforce engagement matters.

We also provide information to our stores through the Hub with an online weekly update on operational matters. This helps them to plan for the week ahead and keeps them up to date with latest developments, product promotions and events at stores.

We carried out a colleague engagement survey this year with over 2,000 UK colleagues. This was our biggest ever survey so far, having extended to include a number of different areas of our business for the first time.

We had a 94.9% response rate to that engagement process. On questions regarding how well we communicate with colleagues on matters affecting them, their job function and how much they feel valued by the business, we scored on average over 80% on satisfaction ratings on those areas.

Those ratings are a strong indicator of the culture which exists in our business from the shop floor, in our distribution centres and our business and administration functions, with colleagues from all those areas having participated in the process.

We also invited general feedback to questions where we could make improvements for colleagues. Some of the main themes from that feedback related to holidays and other benefits. As a result the following outputs were agreed by the senior executive management team at B&M and have been implemented:

- a colleague reward scheme has been put in place, which carries an additional one day's holiday for each year of service up to a maximum of five extra days holiday overall;
- a new flexible holiday exchange policy for colleagues has been put in place, where colleagues can take up to one extra week of holiday a year through a salary sacrifice scheme. This also has a tax benefit to colleagues in relation to extra holidays purchased under the salary sacrifice scheme; and
- a colleague benefits portal has been rolled-out which has a number of schemes that provide discounts on purchases which colleagues make with a variety of different retail and leisure outlets. The platform also has daily offer and price drop discounts. Colleagues can also book holidays, cinema tickets and restaurants with discount offers, vouchers or loyalty cards through the portal.

People continued

Diversity and equality

The Company's Diversity Policy in relation to the Board and senior management is:

- to ensure as an overall objective that the Company maintains the necessary skills, experience and independence of character and judgement of its Board members and senior management team, for the Group to be managed effectively for its long-term success;
- while making appointments based on merit so the best candidates are appointed, the Company recognises the value which a diverse Board and senior management team brings to the business and it embraces diversity in relation to gender, race, age, educational and professional backgrounds;
- together with the above criteria, the Company also recognises that, diversity in relation to international experience (in particular in relation to the Group's chosen markets), recent senior management or professional experience in retail and/or supply chain sectors and functional experience in relation to membership and chairmanship of Board committees are also relevant factors.

In relation to gender diversity, at the year-end the Board had 28.6% female representation, with two out of the seven Board members being female. That percentage is stated after the retirement of a third female member of the Board in January 2020. Full details of the composition of B&M's Board are set out on pages 46 and 47.

In relation to ethnic diversity and the Parker Review recommendations, the Company already complies with those in relation to Board representation.

In line with the Board's intention to see that there is a greater mix of diversity by 2020 within the first level of senior management directly below the Board, there is now one female member (FY19: none), being the Group People Director.

At a senior management level generally across the Group, the percentage of employees who are female was 45.5% (FY19: 43.9%) at the end of the year under review.

In relation to all the employees of the Group, the percentage of female colleagues was 58.4% (FY19: 58.6%) at the end of the year under review.

Our equal opportunities policies in relation to our workforce are also designed to recognise and actively encourage the benefit of having a diverse workforce across our business. We look to ensure that all colleagues are treated fairly and with respect, and that no employee is discriminated against on grounds of gender, race, colour, religion, disability or sexual orientation. Our overall aim is to ensure that B&M is recognised as a responsible employer providing all colleagues with a great place to work.

See principal risk number 5 on page **27**

Gender diversity

Board of Directors

Male	5	71.4%
Female	2	28.6%

Senior managers

Male	30	54.5%
Female	25	45.5%

All employees

Male	14,204	41.6%
Female	19,906	58.4%

Number of employees across the Group

34,110

Workforce engagement

One of our Non-Executive Directors, Carolyn Bradley, is the Group's Designated Non-Executive Director for Workforce Engagement.

Carolyn oversees the effectiveness of our workforce engagement mechanisms, and reports to the Board on outputs from those engagement processes during the course of the financial year.

This reporting process includes a standing agenda item at two Board meetings during each financial year, for the Board to consider the reports of the Workforce Engagement Director. This enables the Board to monitor progress, consider feedback from the workforce and discuss outputs and actions with management.

As a result of the reports over the last financial year it was agreed by the Board with management that the following main actions would be carried out:

(i) the annual colleague engagement survey be broadened out to include a number of other functions across the B&M UK business;
(ii) that survey to include satisfaction ratings which could then be measured over time; and
(iii) more interactive sessions be held throughout the year by senior management with colleagues.

Each of the matters were implemented by management. The results and feedback from them were then considered by the Board. The outputs which were then carried out in response to them are also noted below.

The colleague engagement survey was the biggest ever carried out by the B&M UK business (see page 33 above). The results of it will enable the Board to monitor progress and changes each year going forward in relation to the colleague satisfaction ratings. Those indicators will also enable the Board to monitor the culture of the business more closely and see how effective the business is at responding to and maintaining its high levels of colleague satisfaction.

The colleague engagement survey also gave a reading of the high levels of satisfaction in relation to:

(i) communication with colleagues; and
(ii) how they are encouraged in relation to their current roles and to consider opportunities for progression.

Our culture is very much geared to promoting and retaining home grown talent, and so those ratings are particularly important indicators of a healthy culture overall in the business.

The senior management team of the B&M UK business have also established a number of other engagement mechanisms. They are designed to keep colleagues aware of the trading performance and economic conditions affecting the business, on a quarterly basis. This is intended to be informative for colleagues on areas where we have performed well and also those where the business could improve. It also enables colleagues to ask questions directly of senior management in relation to the business and its strategic plans.

The above mechanisms also include a range of general business updates and also departmental level updates. These two-way sessions have helped management to identify with colleagues where they have important requirements to address ranging from the provision of resources, support technical assistance and training.

In response to those outputs a number of training needs in particular have been addressed. They range from refresher training for new recruits in the business support functions, training in relation to technology and software and also the provision of specialist external training in some areas. One of the main areas of the training which was externally facilitated this year was for the Buying team in relation to the practical aspects of how we apply and follow the requirements of the Groceries Code in our dealings with grocery suppliers.

In relation to the colleague Step-Up programme (see on page 33 above) this year, members of the senior executive team have also attended sessions with colleagues to give them an opportunity to engage directly, and to provide them with experienced help and guidance on how to progress within the business to the next level.

Carolyn has attended listening group sessions with colleagues during the year, and also one of the 'golden quarter' launch programmes with the retail operations teams and store managers. The Chairman and other Non-Executive Directors also attended golden quarter launch events this year.

The progress we have made this year has been very encouraging, in terms of the effectiveness of the engagement processes in place, the high degree of colleague satisfaction ratings and outputs which have been addressed. We will continue to build on those in the year ahead.

Colleague engagement survey

2,212

Participants

Average satisfaction rating

82%

Gender pay gap reporting

In accordance with the Equality Act (Gender Pay Gap Information) Regulations we have published our data online in relation to B&M UK and Heron Foods as at 5 April 2019.

With regard to hourly pay of B&M the mean hourly rate for females is 7.1% lower than males and the median hourly rate is the same for females and males. For Heron Foods the mean hourly rate for females is 19.3% lower than males and the median hourly rate for females is 14.1% lower than males.

In relation to bonuses of B&M, 5.1% of females and 18.2% of males were paid a bonus. The mean bonus pay for females was 12.9% lower than males but the median bonus pay for females was 64.4% higher than males. For Heron Foods, 2.7% of females and 28.6% of males were paid a bonus. The mean bonus pay for females was 12.4% lower than males and the median bonus pay for females was 27.2% higher than males.

Full details of the reports are available on our websites at www.bandmretail.com and www.heronfoods.com and on gender-pay-gap.service.gov.uk

Colleagues of the Group in France and Luxembourg are not included in this data.

Social

Social and community engagement

Our policy on social and community engagement is to:

- continue to make investments in new stores and jobs in local communities where we are under-represented or not represented at all in the UK;
- provide value for money to our customers;
- foster long standing relationships with our suppliers; and
- promote ethical trading policies and practices within our supply chains.

The approach of our policy on social and community engagement and the impact of that, in relation to the communities we operate in and our customers, suppliers and respect for human rights in our supply chain, is described in each of the following sections below.

Local communities

We are proud to support the communities where we trade, by providing job opportunities and enabling household budgets to go that bit further through our value-pricing business model. This helps us to build sustainable relationships within the communities where we operate our stores, and importantly where our customers and colleagues live and work.

When we open a new store, we try where we can to find a local hero as a member of the local community known for their charitable work in the community to perform the ribbon-cutting ceremony on the opening day. This is one small way in which we can help promote and support the good work they do in their local community. We also actively encourage our store managers to maintain their local hero relationships going forward.

With our continued store expansion programme for the year ahead, we will continue to create jobs in yet more communities where new store openings take place. This is against an environment more generally in the UK where a number of retailers have downsized their store estates or exited the market altogether.

We believe that our store expansion programme has and will continue to contribute towards the well-being and revitalisation of communities through the new job opportunities and the value we give to customers at our stores in or close to the communities where they live. This is likely to be even more important than before when communities begin to emerge from the social and economic impacts of the coronavirus.

In relation to jobs at stores, and also in our Distribution Centres, we have had a successful initiative over a number of years in the UK which is focused on helping long-term unemployed back into work. In the year under review, another 320 long-term unemployed people secured a role with B&M (FY19: 250).

Again in the last year at a regional and national level we were proud sponsors of Mission Christmas, an initiative run by the Cash4Kids children's charity which provides Christmas presents to underprivileged children at Christmas time in the UK. We are a significant headline sponsor. Nationally our B&M stores, in participating towns, acted as collection points for the toys and gifts which were donated for the appeal. The Mission Christmas charity appeal distributed overall more than £14m of gifts and vouchers in Christmas 2019. We are proud to have played a committed part in that for each of the last four years.

Covid-19

As part of our response to help the wider community since the on-set of the coronavirus in the UK, we launched the following community programmes.

Each of our B&M UK stores are providing local Food Banks with a £1,500 donation per store to help people and families who are the hardest hit economically at this time.

The B&M UK business also temporarily extended its B&M staff discount scheme to NHS workers, giving them the benefit of the 10% discount on all goods purchased by them at our stores.

In relation to our B&M UK store and distribution colleagues working across the business during this particularly difficult and challenging time, to reward their remarkable effort and dedication in helping customers through our stores and supply chain operations, the B&M UK business has paid them a 10% enhancement to their pay rates to reflect the additional workload and responsibilities which the current restrictions and guidelines impose.

Customers

We aim to help our customers get better value for money on everyday and other items for their homes and families, which helps tight household budgets go further.

We take pride in working hard to provide a high-quality customer experience for shoppers across our stores in each of our businesses in the UK and France. We invest in our stores to present them in a light, clean and tidy format, with new store fit-outs and refurbishments including investments in LED lighting and refreshed floor coverings. This has environmental sustainability benefits and provides modern, attractive and clean environments for customers when they come to shop with us.

We also like to provide customers with a fun and exciting shopping experience, led also by promotional events at our stores. Throughout the year we have had a series of focused promotional events in the UK on categories such as cleaning and pet care products. Each of these events are aimed at giving even better promotional value-prices to customers.

Our store colleagues are trained to focus on taking a helpful and friendly approach with customers, so that customers enjoy coming back to our stores time and time again.

Our no-quibble customer returns policy also highlights our emphasis on wanting to give great value for money and good quality products to our customers to enjoy.

We carried out a customer exit survey this year which was externally facilitated by a market research consultancy. The survey included over 2,000 members of the public who shop at a number of value and discount retail stores in the UK (excluding supermarket chains). The survey benchmarked B&M against those other retailers.

In relation to the participants surveyed, 82% said they either regularly or occasionally shop at B&M, which made B&M the most popular general merchandise value retailer in the survey. B&M was also rated at the top of the survey for best prices overall, having more of the brands customers want, having better category ranges than expected by customers, and the convenient locations of our stores.

The survey results also showed that customer wins by B&M tend to come from shoppers diverting spending away from supermarket chains, which is an indicator of bargain hunting continuing to be the direction of travel for many shoppers.

Health and safety

The Board has overall responsibility for ensuring that we maintain high standards of health and safety in our business. The Board and the executive management on a bi-monthly basis monitor key performance indicators in relation to health and safety trends in the business, including reports on the number of accidents and those which are required to be reported to the Health and Safety Executive.

We have a dedicated health and safety team of qualified professionals who are responsible for ensuring that we comply with current statutory requirements, and that our health and safety policies are communicated to all our colleagues.

Our store management teams are trained as responsible persons under our health and safety policy for stores. There is a continuous programme of training new recruits and refresher training for existing store management colleagues.

The health and safety policy for our stores is also supplemented by documented risk assessments and safe system of working procedures for colleagues to follow, with pictograms to make them user friendly and combat language or learning barriers.

Every store based colleague receives induction pack training from a member of the store management team on health and safety, manual handling, fire safety, how to mitigate against risks and hazards and procedures for the safe use of store equipment. The training is carried out on the recruitment of each new colleague with reviews (and refreshers as required) being carried out at intervals during the next 12 weeks thereafter.

In the financial year 2019/20 for the UK in B&M there were 102 reported accidents (0.2 per store) reportable to the Health & Safety Executive (FY19: 112 reported accidents and 0.2 per store), in the context of 251 million shopper visits per annum.

Ethical trading and our supply chain

We have formal policies in place in relation to anti-bribery and corruption, anti-slavery policy statements on our websites, a workplace policy (which suppliers are required to adhere to in relation to anti-slavery and respect for human rights), and whistle-blowing policies in relation to reporting of any suspected wrong doing or malpractice.

We have many long-standing relationships with our suppliers. We regard our suppliers as business partners in terms of our relationships and dealings with them.

We like to maintain simple, transparent net prices, and we minimise the use of rebates and retrospective discounts.

We use a standard set of terms and conditions of purchase. Provided the goods meet relevant quality and safety standards, we will pay the supplier within the agreed payment terms. Our import suppliers are normally paid in advance of the goods arriving into the UK.

This is important, both in terms of ensuring our products are safe and fit for sale and also that the factories we use comply with local laws and regulations. Our customers can then be assured of the safety, quality and integrity of the products they buy from us at our stores.

We have a zero-tolerance policy on slavery, forced labour and human trafficking of any kind in relation to our business and supply chains. We support the promotion of ethical business practices and policies to protect workers from any kind of abuse or exploitation in relation to our supply chains.

In the last year B&M and Heron Foods have continued to communicate their Workplace Policies to existing and new suppliers along with their standard terms and conditions of purchase, which make it a condition that suppliers adhere to the Workplace Policy standards.

A copy of B&M's Anti-Slavery Statement and Workplace Policy is available on our websites at www.bmstores.co.uk and www.bandmretail.com and for Heron Foods at www.heronfoods.com.

In relation to the Group's assessment of risk, a balance is drawn between reasonable reliance on leading household brand name suppliers who have their own comprehensive procedures and policies in place, and, those where other forms of verification processes are required to be provided to our Group businesses or our sourcing agent.

Corporate social responsibility continued

Our Heron Foods convenience food product lines are sourced from leading brand suppliers. A small number of foods are sourced direct from produce suppliers. These are from a limited number of major suppliers who operate highly mechanised businesses which are non-labour intensive.

The vast majority of products which are imported into the UK by B&M are sourced from China. These are mainly machine manufactured goods, as opposed to labour intensive handmade products.

Where necessary overseas suppliers are required by B&M or its sourcing agent to provide social compliance reports, as a check on compliance with local laws and regulations including labour practices.

B&M's main Hong Kong based sourcing agent and, where practicable, members of our UK buying team, visit new suppliers also as part of our verification processes.

A number of Babou's suppliers are European based suppliers and wholesalers. Where Babou source and import products themselves directly from China they increasingly use the same suppliers and sourcing agent as B&M, which is part of an on-going integration and change-over of Babou's import's procurement. This provides Babou with the benefit of checks and verification processes of B&M and its sourcing agent on a Group basis.

Heron Foods sell a limited number of products imported from China. They are all procured from the B&M supply chain and therefore benefit also from checks and verification processes of B&M and its sourcing agent on a Group basis.

Our Internal Audit function in the UK carried out a review and audit of our supply chain and procurement in the financial year 2015/16 and again in 2018/19, including checks on social compliance procedures with suppliers and our sourcing agent. Sampling of those reports, as part of a due diligence exercise in Hong Kong, was undertaken by them in relation to our sourcing agent's processes. This also included a review of the vetting and verification processes of our sourcing agent in relation to new suppliers in China and Asia, and a review of the verification processes in relation to existing suppliers on an on-going basis.

Within those processes for both new and existing suppliers, they are required to produce social compliance audit reports prepared by external specialists. Those external specialists would generally be internationally recognised inspection, verification, testing and certification companies. On an on-going basis before the expiration of the term of any social compliance audit reports, the sourcing agent timetables and obtains new audit reports, as part of its continuing verification processes of approved suppliers.

As a result of the due diligence carried out by our Internal Audit function in relation to the sourcing agent, they were satisfied that effective processes are in place and continue to be operated effectively by the sourcing agent to ensure that the risk of any modern slavery issues in our supply chain do not arise.

In relation to the year under review, no reports have been made to the Group of any instances of actual or suspected modern slavery or human rights abuses relating to human trafficking or other kinds of forced labour in our supply chain.

In the event of any suspected failure by a supplier to comply with our Workplace Policy, we would then investigate the circumstances of it with the supplier. In the event of a breach of our policy being identified as a result of such an investigation, we would review what appropriate remedial action we would require the supplier to undertake and also determine (on a case by case basis), whether our trading relationship with that supplier should be monitored, suspended or terminated.

We continue to strive to find effective ways of improving the communication of and adherence to our ethical business practices.

Our policies, procedures and approach to verification processes are geared toward what we think are balanced and reasonable, practical and effective.

Corruption and anti-bribery

In relation to corruption and anti-bribery, our policy is also one of zero tolerance. Our colleagues are aware of the importance of reporting any offers of inducements by any third parties, in each of our businesses immediately up to director level.

Each year an annual review is undertaken of our buying teams in the UK requiring written reports to be completed of any suspected or actual incident of bribery or corruption between any third party and the business, including written returns being required to confirm whether or not any suspected instances have arisen. That due diligence disclosed no instances in our businesses for the year under review of any such activity having taken place or having been suspected.

From the whistle-blowing procedures and processes in place at B&M and Heron Foods, in the year under review no reports were made of any instances of bribery or corruption in relation to any employees with any third parties. Also no such instances have been reported to Babou.

See principal risk numbers 2 and **5** on pages **26** and **27**

The Groceries Supply Code of Practice (the "Groceries Code") and The Groceries (Supply Chain Practices) Market Investigation Order 2009 (the "Order")

The Groceries Code and the Order regulate certain aspects of the relationships of B&M and Heron Foods in the UK with their grocery suppliers. Under the Groceries Code retailers are required to deal with their suppliers fairly and lawfully at all times.

In the UK, B&M and Heron Foods have established compliance procedures under the Groceries Code. Those businesses have materially complied with the Groceries Code throughout the year under review.

B&M and Heron Foods became designated retailers under the Order, and thereby subject to the Groceries Code, on 01 November 2018. That designation commenced part way through the previous financial year 2018/19 and applied for 5 months of that period only. A deferral was agreed with the Competition and Markets Authority (the "CMA") for B&M and Heron Foods to file their first annual compliance report with the CMA and Groceries Code Adjudicator for the period from the designation on 1 November 2018 to 31 March 2020.

In relation to that report, there were no formal disputes under the Groceries Code. There were two Groceries Code related issues raised by suppliers with B&M and none with Heron Foods of potential non-compliance with the Groceries Code. Each of those issues were fully resolved with those suppliers and none of them remain outstanding.

The report was submitted to our Audit & Risk Committee members in May 2020 and it was approved by them for submitting to the CMA and GCA.

In the year under review B&M and Heron Foods have carried out training and guidance programmes with colleagues on the Groceries Code. Training has been provided by external consultants to existing staff. There is a new joiner guidance document and also external training packs for new colleagues joining the buying teams in each of those Group businesses. During the year under review buying colleagues who deal with grocery suppliers have also completed declarations confirming their compliance with the Groceries Code, and, that all instances of any complaints received under the Groceries Code have been reported to either the Buying Office Manager or Code Compliance Officer.

See principal risk number 2 and **5** on page **26** and **27**

Environment

Environmental sustainability

Our Environmental policy is to operate and maintain a modern, clean and efficient infrastructure in relation to stores, distribution centres and transport fleet for the benefit of all of our customers and colleagues in the UK and France, as part of our commitment to providing a sustainable environment in the communities we operate in and our workplaces. We also continuously look for opportunities to reduce or minimise our waste and consumption where we can, in particular in areas of scale in our operations where we can make an impact. For example, we seek to do this with packaging waste recycling, our continued programme of introducing LED lighting into stores and the upgrading of our transport fleet.

Packaging waste recycled by the Group in 2020

99.8%

2019: 99.5%

The nature of our business sourcing and retailing grocery and general merchandise products in itself does not involve significant environmental risks to the sustainability of our business or its model. There are however environmental impacts from our business operations which (as opposed to being risks) are outputs which we are conscious of managing to either reduce the intensity levels of our consumption of resources while continuing to grow, or find better or new ways of contributing in a more sustainable way to the environment in relation to how we carry out those operations.

In relation to the latter, one significant development this year has been the opening of our new 1m sq ft Distribution Centre in Bedford. It will service stores throughout the South of the UK, which means that over time it will lead to a significant decrease in miles travelled from our Distribution Centres to stores in the South, as traditionally those stores have been serviced from our North West based Distribution Centres. The reduction in miles travelled will reduce overall fuel consumption and emissions in real terms from our HGV transport fleet, compared with miles travelled previously to service existing stores in the South and new ones under our new store opening programme.

The other impacts of our policy and how we have applied it during this year are as set out below.

Recycling

We have dedicated waste management facilities at our B&M warehousing locations in the UK. This allows us to collect waste cardboard, plastic, metal and wood from our stores in the UK to take it back to our central distribution locations for sorting in readiness for recycling.

The main source of waste comes from packaging. Where we can we seek with our suppliers to minimise the packaging products only to what is necessary for the safe carriage of them.

Again this year 100% of our packaging waste in the UK was recycled, through a combination of waste being sorted through our own facilities and by specialist third party contractors. Any residual waste left over is recycled into energy production.

Overall the total level of packaging waste recycled by the whole Group in the financial year 2019/20 (excluding discontinued operations) was 99.8%.

Greenhouse gas emissions

In the year around 68% of our carbon footprint in relation to the UK operations of B&M is as a result of our electricity and gas usage from our stores and our warehouse facilities. Diesel accounts for the remaining 32%. Our store estates across the Group are continuing to increase at a significant rate and they are expected to continue to do so in the foreseeable future also. Consequently our overall carbon footprint in absolute terms has and will inevitably continue to increase.

We express our annual emissions as a quantifiable factor by reference to our revenues as the basis for our intensity ratio. Scope 1 GHG emissions and energy use have been calculated based upon the quantities of fuel purchased for our commercial fleet, and Scope 2 GHG emissions and energy use are calculated from electricity and gas usage and then using the published factors.

The intensity ratio for emissions is measured in tonnes of $C0_2e$ per £1m of turnover. It has improved in the last year in relation to the UK businesses of the Group, due to the supply chain for electricity generally coming from lower carbon sources, and, with improvements in B&M's fleet management distribution efficiency. For the Group overall (excluding discontinued operations) it has remained at a similar level to the prior year. This was due to improvements made in B&M in the UK.

See principal risk numbers 5 and **13** on pages **27** and **31**

Greenhouse gas and energy usage data

FY20 relates to the period from April 2019 to March 2020 and FY19 relates to the period from April 2018 to March 2019:

Greenhouse gas and energy usage data

	Emissions				Energy usage		
2019/20	Scope 1 TCO_2e	Scope 2 TCO_2e	**Total TCO_2e**	**Intensity Ratio**	Scope 1 MwH	Scope 2 MwH	**Total MwH**
B&M	29,874	61,835	**91,709**	**29.21**	122,119	250,522	**372,641**
Heron	8,928	12,121	**21,049**	**53.99**	35,918	47,423	**83,341**
UK Subtotal	38,802	73,956	**112,758**	**31.94**	158,037	297,945	**455,982**
Babou	129	9,820	**9,949**	**35.11**	472	38,420	**38,892**
Group Total	38,931	83,776	**122,707**	**32.18**	158,509	336,365	**494,874**

	Emissions				Energy usage		
2018/19	Scope 1 TCO_2e	Scope 2 TCO_2e	**Total TCO_2e**	**Intensity Ratio**	Scope 1 MwH	Scope 2 MwH	**Total MwH**
B&M	30,913	62,275	**93,188**	**29.68**	124,545	231,026	**355,571**
Heron	8,971	15,272	**24,243**	**62.18**	35,486	49,713	**85,199**
Group Total	39,884	77,547	**117,431**	**33.27**	160,031	280,739	**440,770**

Note: The tables above are for the continuing operations of the Group as at the end of the financial year on 28 March 2020 following the sale of Jawoll having been completed prior to the year-end. The FY2018/19 table does not include Babou as the Group acquired it in October 2019.

Carrier bags

We have continued to see an overall reduction of carrier bag usage across our UK stores following the 5p carrier bag levy which was introduced in England and Wales in October 2015.

We donate the proceeds from the levy in relation to the carrier bags used to a number of good causes. Colleagues across the B&M UK business were consulted on appropriate recipients of charitable grants from the levy proceeds.

In the financial year 2019/20 we have donated around £714,000 to a range of charities, including children's hospitals, air ambulances and a range of other health charities in the UK.

Sustainability and efficiency initiatives

We have a number of on-going initiatives to reduce our carbon footprint:

- We continue to invest in energy efficient LED lighting in our new stores, and as part of our existing store estate maintenance and refresh programmes we invest in switching to LED lighting wherever we feasibly can. We now also have LED lighting installed in three of our four main B&M distribution centre locations;
- We continue to upgrade our transport fleet and we have introduced 60 new tractor units in FY20. We have also ordered a further 30 units for delivery in the Summer of 2020. The vast majority of our B&M transport fleet in the UK is less than 2 years old;
- We have continued to invest in "wedge" trailers which increase trailer capacity and therefore maximises transport volumes utilisation and minimises distribution mileage travelled. We have acquired 130 of these trailers in FY20; and
- Following the introduction in FY19 at one of our main Distribution Centres of new manual handling equipment, including lithium Ion picking and loading trucks, which are more energy efficient than the previous material handling equipment, we have also rolled-out that new equipment this year to another two of our Distribution Centres.

Section 172 statement and stakeholders

Our commitment to Section 172

This report describes how the Directors have had regard to the interests of stakeholders and other matters referred to in section 172(1) (a) to (f) of the Companies Act 2006 in relation to their decision making.

The Company is a Luxembourg registered company and is not subject to the Companies Act 2006 or to the Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"). It is however subject to the UK Corporate Governance Code 2018 (the "Code"). The Board also considers the Regulations to be reflective of best practice. Accordingly, it has followed that practice where practical, while maintaining its status as a Luxembourg registered company.

Stakeholders

The Board recognises that to achieve its vision and purpose (see the box opposite) evaluating and considering the interests of its stakeholders are key to the Group's success. The key stakeholder groups of the business are our customers, colleagues, suppliers, the communities where we trade and our investors.

The Board uses a number of mechanisms through which it is able to determine and appraise the interests of stakeholders to inform discussion by the Board and its decision-making. This includes a range of activities from regular management reports through to other forms of direct engagement by members of the Board.

We describe below how we have engaged with the particular key stakeholder groups and considered their interests in the last year. We have also provided further details of our engagement with colleagues in our Corporate Social Responsibility Report in the section on Workforce Engagement on page 35.

Stakeholder engagement

Customers

A key element of our purpose is to deliver great value to our customers. One of the key measures and monitors of that for the Board is like-for-like sales performance. The Board reviews that performance by fascia and by product category in each of its monthly management reporting packs. Those results have been evaluated and discussed at each of our regular Board meetings throughout the year.

The Board have also carried out store visits, as a group and also individually, throughout the year in the UK, France and Germany. Those store visits enable Board members to observe and receive feedback from customers directly, as well as receiving feedback from store colleagues and management with respect to customers' views, trends and behaviour.

In order to gauge in more depth what our customers think about B&M's stores and their overall experience relative to other value and discount competitors in the UK, a customer insight survey was carried out in the year of over 2,000 customers of B&M and those competitors. Details of the results of the survey are set out on page 37 of our Corporate Social Responsibility Report. One of the key results of the survey showed that customer wins by B&M tended to come from shoppers diverting spending otherwise from supermarket chains. This is an indicator that the seeking out of bargain prices by shoppers, who either need or want to enjoy value prices, continues to be the direction of travel for customer demand in relation to store based retailing in the UK.

Colleagues

There are a number of workforce engagement mechanisms which are in place in the Group, including listening groups and business updates with colleagues. In 2018/19, ahead of the new Code coming into effect, the Board appointed Carolyn Bradley, one of its Non-Executive Directors, as the Designated Director for Workforce Engagement. The Board has established a programme of two main reports being given to it each year by Carolyn. Those reports are to provide the Board with an overview of the various on-going engagement activities of the Group and the feedback received from colleagues. This has enabled the Board to review the effectiveness of its engagement mechanisms, consider what themes are important to the workforce and how they might be addressed by Management.

The Chairman and some of the Non-Executive Members of the Board have also attended a selection of colleague meetings during the year, including Listening Group sessions, Step-Up promotion training sessions and golden quarter launch programmes with retail and store management teams.

A strategic review of its German business was carried out during the year, as referred to in more detail on page 14 of the Chief Executive Officer's Review. The Board was conscious of finding a way forward to preserve the German business as a going concern and thereby protect as many of the jobs in that business as possible. The Board ultimately concluded that there was no realistic prospect in the short term of a turnaround of the performance of the German business while it remained under the Group's ownership.

Our vision and purpose

Our vision is to grow our B&M UK business to at least 950 stores, and to successfully deploy our direct sourcing limited assortment business model in France so that we can maximise the potential of that business.

Our purpose is to deliver great value to our customers, so that they keep returning to our stores time and time again, in order to generate growth in our like-for-like sales, profits and cash and long term value to our investors.

Our values of simplicity, trust, fairness and being proud of what we offer to customers are at the heart of our business as we strive all year round to deliver the lowest prices for the best-selling products which our customers want.

We are proud to operate in many different communities and areas, providing access to our variety goods offering locally, helping household budgets go that little bit further and creating new jobs every time we open a new store.

Board decision making and stakeholder interests

The Board has reaffirmed the strategy to continue with the programme of new store openings within each of its B&M and Heron Foods businesses. That also includes the relocation of stores in existing areas where better real estate opportunities exist, and capital and maintenance expenditure on stores ear-marked for refurbishment within the existing estate. Those investment activities are also set to continue throughout the new financial year, albeit taking account of interruption to the pace of those programmes due to the coronavirus impacts generally.

Investing in new stores and increasing our representation in areas throughout the UK means that we can provide access to even more customers who either need or want a bargain on everyday goods from our food and FMCG ranges, and for their homes and gardens from our general merchandise offering.

In our French business, the Board took the decision during the year to establish a number of pilot stores within the existing store estate (and also including some of those from other store openings which had been committed to prior to the acquisition of that business by the Group). The pilot stores are to test customer reaction to the re-branding and changes to the format and product mix, in order for us to refine the development of the model and customer proposition before rolling it out across the whole estate.

The Board decided this year that the colleague engagement survey should be extended to a broader range of functions across the B&M UK business and to a greater number of participants. It also determined that the survey would include satisfaction rates which could then be measured against the outputs in future years. Each of those recommendations were implemented by the management in carrying out this year's survey.

The results of the survey were reviewed by the Board and details of the outputs and actions following that review are included on page 33 of the Corporate Social Responsibility Report. The level of response to the survey was very high and the satisfaction ratings also were very encouraging. The satisfaction ratings have provided the Board with a useful number of benchmarks which it is able to test going forward. This will assist the Board in monitoring the culture of the business and inform its decision-making in relation to the interests of the workforce.

The Board's decision to continue with the programme of new store openings, and relocations of stores often to larger premises, will create further new job opportunities and also openings for store based promotions within the expanded estate.

The Board then took the decision to complete a sale of the German business to a private equity led consortium, which also included the managing director of the business. That decision was made in the best interests of the Group for its stakeholders, and also in the interests of the workforce of the German business whose jobs were at risk.

Stakeholder engagement

Suppliers

There is a continuing engagement with suppliers led by the Group's Trading Director, along with key members of the buying and merchandising teams. This includes a range of supplier visits, meetings and presentations, factory visits and trade fair meetings in China, the UK and the EU with both existing and new suppliers.

The Board has considered reports and updates from the Audit & Risk Committee during the year in relation to suppliers and the internal auditing of ethical business processes. Further details of those processes are set out on pages 37 and 38 of the Corporate Social Responsibility Report.

The Group's trading relationship with its Hong Kong sourcing agent is important to the procurement of general merchandise products imported from China. It is critical to the Group that the sourcing agent maintains appropriate external audit assurance checks on suppliers, to ensure that suppliers continue to meet our minimum standards of ethical business compliance.

B&M and Heron Foods implemented compliance procedures and training programmes in relation to the requirement to ensure they maintain standards of fair dealing with suppliers under the Groceries Supply Code of Practice (the "Groceries Code"). Any complaints under the Groceries Code are reviewed by the Audit & Risk Committee at each of its meetings throughout the year and reported to the Board. This also provides the Board with an effective reporting mechanism on a substantial part of our Food and Grocery supplier trading relationships, which represented over £2bn of our turnover in the year under review.

As well as suppliers of stock for the Group's retail stores, we have a number of specialist contractor suppliers in relation to our new and existing store fit-out and refurbishment programmes. The majority of those suppliers have established relationships with B&M.

Communities

Our businesses in the UK operate across a wide range of different locations and areas, both in relation to our stores and warehouse operations. That can range from retail parks on the edge of towns for some of our B&M Homestores, through to local community shopping parades for some of our Heron Food stores. The Group's strategy is to reach out to as many customers as we can where we are not represented at all or are significantly under-represented.

The Board recognises that there are also environmental impacts, particularly from the expansion of our operations.

The opening this year of our Bedford Distribution Centre to service stores in the South of England will lead over time to a reduction in the number of distribution miles travelled, as those stores had been serviced previously by our North-West Distribution Centres. This is one aspect of how we have invested in doing things in a more efficient way, which will also produce positive environmental outcomes.

In response to the impacts of the coronavirus on communities the Board asked the management team to look at how we could try and help vulnerable people and those working in the front line to help others.

Investors

Our investors include shareholders, bondholders and banks. There are a variety of mechanisms which the Board has in place to enable it to understand their interests and consider them in its decision-making.

The management team hold organised roadshow presentations and one-to-one meetings with investor groups each year on the announcements of our half-year and full-year results. They also hold meetings during the year with both existing and potential new institutional investors.

The Board has received investor relations reports and market updates from its Investor Relations Director and its corporate brokers at Board meetings during the year. They also form a regular agenda at its strategy day meetings each year.

Board decision making and stakeholder interests

The Board carried out a review during the year to ensure that the Group's internal audit team were satisfied that the Group's sourcing agent had effective checking systems in place to ensure that only suppliers complying with the requisite standards are used or recommended by the sourcing agent to the Group. This ensures that suppliers know exactly what the on-going requisite standards are from our sourcing agent, in order for them to be able to ensure they can meet and continue to maintain those standards for the benefit of their own businesses in relation to their on-going trading relationships with us.

The Board has considered updates from the Audit & Risk Committee in relation to the responsibilities which the Group owes to suppliers under the Groceries Code. Having noted that there had been no material non-compliance issues under the Groceries Code, the Board was satisfied that effective compliance procedures have been maintained by B&M and Heron Foods with our Food and Grocery suppliers.

The relationships with our store fit-out contractors are monitored by the CEO on behalf of the Board to ensure the smooth running of the store opening programmes and the continuity of those supplier relationships. In return for continuing to meet certain benchmark quality standards for their work, they are awarded repeat projects on new store openings. They have continued to receive significant work-streams from B&M throughout the year under review and benefit directly from the Board's decision to continue with its store opening programmes.

Under the Board approved plan of investment in new store opening programmes in the year under review, we opened a total of 69 new stores in the UK (including relocations and closures) and created in total another 2,245 new jobs in the UK. Our store opening programmes are set to continue as part of our growth programme going forward. This provides access to more communities all the time to our value-led customer proposition, local jobs and investment in the sustainability of the areas where we operate.

The Board has also continued to support investments this year in a range of other environmental initiatives, including the continued roll-out of LED lighting programmes at stores, upgrades to our HGV transport fleet, investments in wedge trailers to increase capacity per mile, and investment in energy efficient lithium powered manual handling equipment in two more of our warehouses. Details of those initiatives are set out on page 41 of the Corporate Social Responsibility Report.

We have donated £1,500 per B&M store in the UK to local foodbanks totalling £1m nationally. We also temporarily extended our store discount scheme to all National Health Service workers during the peak of the crisis.

One of the main decisions during the year in relation to capital allocation, was the Board's decision to sell and leaseback the new 1 million sq ft Bedford Distribution Centre. The Group had invested in the land and development of the warehouse, but was in a position to release the capital in it by marketing it for sale and leasing it back. As announced to shareholders in November 2019 that would allow for up to £150m surplus cash to be returned to shareholders. That transaction was subsequently completed during the year, and a special dividend of 15.0 pence per share was paid to shareholders in April 2020 in accordance with the capital allocation policy of the Company. The details of our capital allocation policy are set out on page 21 of the Financial Review.

Board of Directors

The Board of Directors of B&M European Value Retail S.A.

Peter Bamford
Non-Executive Chairman of the Board and Chairman of the Nomination Committee

Appointment: March 2018

Peter joined the Board of B&M as Non-Executive Chairman on 1 March 2018. He has extensive experience, in both Executive and Non-Executive roles, of the retail sector and high growth international businesses and brands. He is also a seasoned PLC Director and Chairman having served on PLC boards for over 23 years in a variety of roles. In his non-executive career this has included Chairman of Superdry plc, Deputy Chairman and Senior Independent Director of Spire Healthcare plc and Non-Executive Director at Rentokil-Initial plc. In his executive career he was a Director of Vodafone Group Plc from 1998 to 2006 where he held senior executive roles, including Chief Marketing Officer and Chief Executive of Vodafone NEMEA region. Prior to that he held a number of board and senior executive positions with leading retailers including WH Smith, Tesco and Kingfisher. Peter is also the Chairman of the Nomination Committee of B&M.

Simon Arora
Chief Executive Officer

Appointment: December 2004

Simon has been Chief Executive Officer of the B&M Group since 1 December 2004. He has a background in consumer goods, corporate finance and consulting having been a co-founder and Managing Director of wholesale homeware business, Orient Sourcing Services, before acquiring B&M jointly with his family and prior to that holding various positions with McKinsey & Co., 3i and Barclays Bank. Simon is also a member of the Nomination Committee of B&M.

Paul McDonald
Chief Financial Officer

Appointment: May 2011

Paul is a chartered certified accountant and has over 20 years' experience in value and discount retailing. He joined the B&M Group as Chief Financial Officer on 3 May 2011. He has held senior financial management roles at Littlewoods, Ethel Austin and TJ Hughes and carries with him a depth of experience and skills in financial management and business operations in this sector.

Ron McMillan
Senior Independent Non-Executive Director and Chairman of the Audit & Risk Committee

Appointment: May 2014

Until 2013 Ron worked in PwC's assurance business for 38 years and has deep knowledge and experience in relation to auditing, financial reporting, regulatory issues and governance. He was the Global Finance Partner and Northern Regional Chairman of PwC in the UK and Deputy Chairman of PwC in the Middle East and acted as the audit engagement leader to a number of major listed companies. Ron is the Senior Independent Director of B&M. He also chairs the Audit & Risk Committee and is a member of the Remuneration and Nomination Committees of B&M.

External appointments
He is the Senior Independent Director and Audit Committee Chairman of N Brown Group PLC and SCS PLC and Chairman of the Audit Committee of HomeServe plc.

Committee membership:

Peter Bamford	Simon Arora	Paul McDonald	Ron McMillan
NOM	NOM	–	A&R REM NOM

A&R Audit & Risk

REM Remuneration

NOM Nomination

Committee Chair



Tiffany Hall
Independent
Non-Executive Director and Chair of the Remuneration Committee

Appointment: September 2018

Tiffany's experience is in marketing, sales and customer services. She previously served as CEO of BUPA Home Healthcare, Marketing Director at BUPA, Head of Marketing at British Airways and also Chair of Airmiles and BA Holidays. Prior to that, she held various other senior positions at British Airways including Head of UK Sales and Marketing. Tiffany is the Chair of the Remuneration Committee and a member of the Nomination Committee of B&M.

Carolyn Bradley
Independent
Non-Executive Director

Appointment: November 2018

Carolyn has an experienced retail and consumer business background. She worked for Tesco for over 25 years until 2013. During that time she held a number of senior positions, including Chief Operating Officer of Tesco.com, Commercial Director for Tesco Stores, Tesco Marketing Director (UK) and Group Brand Director. Carolyn is a member of the Audit & Risk, Remuneration and Nomination Committees of B&M.

External appointments
She is currently the Senior Independent Director of Marston's PLC and also SSP Group plc, and a Non-Executive Director of The Mentoring Foundation and Majid Al Futtain Retail LLC, and a Trustee and Deputy Chair of Cancer Research UK.

Carolyn is also the Designated Non-Executive Director for Workforce Engagement.

Gilles Petit
Independent
Non-Executive Director

Appointment: May 2019

Gilles Petit has many years of senior management experience in multinational retail businesses in Europe. He previously served as CEO of the hypermarkets division of Promodès and then as CEO of Carrefour in Belgium, Spain and subsequently France. He also served as the CEO of Elior until 2015 and then as CEO of Maisons du Monde until 2018. Gilles is a member of the Audit & Risk and Nomination Committees of B&M.

External appointments
He is currently a Non-Executive Director of Maisons du Monde and Lagardère SCA.

Outgoing members

Kathleen Guion
Non-Executive Director

Retirement: January 2020

Since the time of the IPO of the Company in June 2014 until her retirement from the Board in January 2020, Kathleen was the Chair of the Remuneration Committee and also a member of the Nomination Committee of B&M.

Thomas Hübner
Senior Independent Non-Executive Director

Retirement: May 2019

Since the time of the IPO of the Company in June 2014 until his retirement from the Board in May 2019, Thomas was the Senior Independent Non-Executive Director of B&M. He was also a member of the Audit & Risk and Nomination Committees of B&M.

Committee membership:

Tiffany Hall: REM NOM

Carolyn Bradley: A&R REM NOM

Gilles Petit: A&R NOM

Corporate governance report

> We have continued to develop our governance in line with the recent changes under the new UK Corporate Governance Code.

Peter Bamford
Chairman

Chairman's introduction

We have continued this year to embrace the recent developments under the revised UK Corporate Governance Code 2018 (the "Code") and other UK regulations in relation to corporate governance objectives and practices, within our own governance framework and Board agenda programme. The main elements arising from this during the year, and also other important corporate governance developments of the Group are summarised below.

Stakeholder engagement

One of the main themes of the recent corporate governance changes relates to the engagement of the business with its stakeholders, how the Board has discharged its duties to promote the success of the Company, and in doing so how it has had regard to the interests of its stakeholders in its decision making processes.

As part of our Board meeting programme and activities during the year we have received reports from the wider management team on areas in particular relating to customer insights and colleague engagement which I refer to further below. We have also had two main colleague engagement update reports during the year from Carolyn Bradley, who we appointed as our Designated Non-Executive Workforce Engagement Director in the 2018/19 financial year.

The interests of our various stakeholder groups have also featured in our deliberations in relation to our contingency plans relating to the operation of our UK stores during the coronavirus restrictions. In particular our priority has been to ensure that the welfare of our colleagues and customers visiting our stores is protected, while helping customers to continue to access essential goods from our stores during a very challenging time.

Details of the stakeholder interests which we have considered in our normal business operations during the year and in the period from the on-set of the coronavirus are set out in our section 172 statement and stakeholder report on pages 42 to 45, our Principal Risks Report on pages 24 to 31 and also in our Corporate Social Responsibility on pages 33 to 41.

Culture and values

During the year we have considered how our values of simplicity, trust, fairness and being proud of what we offer to customers are reflected in how we operate culturally as a business. This ties-in with the engagement processes with our stakeholders and outputs from those.

The monitors we used in relation to our culture as a business, in particular, included discussions with management, a much broader based colleague feedback survey this year involving over 2,000 colleagues from a range of different functional areas of our business, and an independently commissioned customer insight survey. More details of each of those surveys and the outcomes and actions arising from them can be found on pages 33 and 37 above.

The results of both those surveys were encouraging indicators of how we remain focused on our main purpose as a business, which is to:

- deliver great value to our customers so they keep returning to our stores time and time again; and
- generate growth in our like-for-like sales, profits and cash and long term value to our investors.

I am pleased and proud to say that in relation to our colleague survey we had a very high response rate, and also a strong satisfaction rating in relation to how colleagues feel they are valued by the business. Both of those results are gratifying but we remain conscious of the need to build on that in the years ahead within all of our businesses as a Group as we continue to grow.

Another measure of who we are and how we operate as an organisation, is reflected in the continued store opening programme we have had in the UK. The continued investment in that programme provides more communities with access to our value pricing proposition, helping household budgets and creating new local jobs in areas in some cases where other retailers have retrenched. Our popularity in those communities with customers is reflected in our continued sales growth and success in relation to the new stores we open each year.

Looking ahead we will continue to develop and refine our engagement mechanisms with stakeholders in relation to each of our Group businesses. Those mechanisms provide us with useful objective tests of how well we are performing culturally as a business and where we can make improvements in the future.

Board changes

We have continued to evolve the membership of the Board since the IPO during this last year again.

We appointed Gilles Petit to the Board on 02 May 2019 as an Independent Non-Executive Director to address our requirement for an appointee with a senior executive background in European retailing.

There were also the retirements of Thomas Hübner (now sadly deceased) and Kathleen Guion during the year who both made significant contributions to the Board as Non-Executive Directors since the IPO of the Company in 2014.

Tiffany Hall has succeeded Kathleen to the role of Remuneration Committee Chair during the year, and other Committee changes are referred to on page 54 below of the Nomination Committee report.

During the year we have also carried out a search for a new Chief Financial Officer ("CFO"), to be appointed in succession to Paul McDonald who is to retire from B&M in 2021. Further details of that process are set out in the Nomination Committee report on page 54 below.

Diversity

The diversity policy in relation to the Board and senior management remains the same as when we published it for the first time last year. Details of it are set out on page 53 below. In relation to Non-Executive Directors, we lost one female member of our Board due to retirement this year. However two of the three appointments made to the Board in the last two years have been female, as we have consciously taken account of gender balance under our policy in relation to our Board succession processes. We also now have a female member of the next level of senior management immediately below the Board, having recruited Allison Green as the Group People Director this year.

Board Effectiveness

As part of the normal three year cycle under the Code, we carried out an externally facilitated Board Evaluation process this year. Details of the feedback from that review and the programme of actions relating to key items from it are set out on page 55 below. The overall results of that review were that the Board, its Committee's and each of the Directors remain effective in and continue to demonstrate commitment to their roles.

Peter Bamford
Chairman
10 June 2020

Corporate governance report continued

Introduction

This report sets out the main elements of the Company's corporate governance structure and how it complies with the UK Corporate Governance Code. It also includes information required by the Listing Rules and the UK FCA Disclosure and Transparency Rules ("DTR's").

Code compliance

The Board is committed to high standards of corporate governance. Except where otherwise stated below in this report, the Company has complied throughout the year under review with the provisions of the UK Corporate Governance Code published in July 2018 (the "Code") and the DTRs. A copy of the Code is available on the UK Financial Reporting Council's website at www.frc.org.uk.

How we govern

The Board and Committee structure of the Company is as follows:

B&M's Board

The Board of Directors of B&M as at the date of this report has 7 members comprising the Chairman, 2 Executive Directors & 4 Independent Non-Executive Directors.

See pages 46 and **47** for more information

Audit & Risk Committee

Nomination Committee

Remuneration Committee

Workforce Engagement NED

Terms of Reference of each of the Committees are available on B&M's website at **www.bandmretail.com**

Executive Management

The Executive Directors of the Group and of its four main businesses are responsible for the day to day operational and strategic matters in relation to each of the businesses of the Group, which includes B&M, Heron Foods and Babou. Members of the broader senior executive team hold regular monthly meetings led by the CEO to review progress and management activities of the Group.

1. Audit & Risk Committee

This committee is made up of 3 Independent Non-Executive Directors

The main responsibilities of the Committee are:

- reviewing and monitoring the integrity of the financial statements and price sensitive financial releases of the Company;
- monitoring the quality, effectiveness and independence of the external auditors and approving their appointment fees;
- monitoring the independence and activities of the Internal Audit function;
- assisting the Board with the risk management strategy, policies and current risk exposures;
- reviewing the adequacy and effectiveness of the Group's internal financial controls and control and risk management systems; and
- maintaining effective oversight of compliance by our UK businesses with the Groceries Supply Code of Practice.

See pages 57 to 61 for a copy of the Committee's report

2. Nomination Committee

This committee is made up of the Chairman, CEO and 4 Independent Non-Executive Directors

The main responsibilities of the Committee are:

- reviewing the structure, size and composition of the Board, including the balance of Executive and Non-Executive Directors;
- putting in place plans for the orderly succession of appointments to the Board and to senior management;
- identifying and nominating candidates, for approval by the Board, to fill Board vacancies as and when they arise;
- ensuring, in conjunction with the Chairman of the Company, that new Directors receive a full, formal and tailored induction;
- keeping under review the leadership and senior management needs of the Group including executive and Non-Executive Directors and the wider senior management team, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace.

See pages 54 and 55 for a copy of the Committee's report

3. Remuneration Committee

This committee is made up of 3 Independent Non-Executive Directors

The main responsibilities of the Committee are:

- setting the policy for the Group on executive remuneration;
- determining the level of remuneration of the Chairman, the Executive Directors of the Company and the first layer of senior management of the Group below the Board and the Group's General Counsel;
- preparing an annual Directors' Remuneration Report for approval by shareholders at the Annual General Meeting of the Company;
- designing share schemes for approval by the Board for employees and approving awards to Executive Directors and certain other senior management of the Group;
- reviewing pay and conditions across the Group's wider workforce.

See pages 62 to 72 for a copy of the Committee's report

4. Workforce Engagement NED

Carolyn Bradley is the Designated Non-Executive Director for Workforce Engagement

The main responsibilities of this role are the governance and oversight of the following matters:

- to consider with the Board the mechanisms required from time to time by the Group in relation to Workforce Engagement to enable the Board to be appropriately appraised on colleague engagement;
- to co-ordinate such direct engagement between the Non-Executive Directors and the workforce as is considered appropriate;
- to ensure the Workforce Engagement mechanisms which are approved by the Board are put in place and are effective;
- to report on the outputs from those mechanisms to the Board at least twice a year, and make any recommendations arising from those reports to the Board; and
- the holder of this office is also supported by members of the senior executive team of the Group who are responsible for the day to day implementation of the Workforce Engagement mechanisms by the Group.

See pages 35, 42 and 43 on Workforce Engagement

Executive Management
The Executive Directors of the Group and of its three main businesses are responsible for the day to day operational and strategic matters in relation to each of the businesses of the Group, which includes B&M, Heron Foods and Babou. Members of the broader senior executive team hold regular monthly meetings led by the CEO to review progress and management activities of the Group.

Board responsibilities
The Board is collectively responsible for the strategy and long-term success of the Group, and for ensuring there is an effective system of internal controls within the Group for the assessment and management of key risks.

The Board has delegated certain responsibilities to three main Committees to assist in discharging its duties and the implementation of matters approved by it (see the table on page 50). The reports of each of the Committees for the year under review are set out on pages 54 and 55, 57 to 61 and 62 to 72.

A detailed presentation of the business, activities and performance of the Group is provided by the CEO at each Board meeting, together with comprehensive financial reports and analysis presented by the CFO. During months falling outside the regular cycle of Board meetings, the CEO and CFO also provide reports and management accounts packs updating the Board on the current trading performance of each of the B&M, Heron Foods and Babou businesses.

Members of the broader senior management teams of B&M, Heron Foods and Babou participate at meetings of the Board and store tours for Board Directors during the course of the year, and attend the annual strategy day of the Group or strategy sessions of the Board held during the course of the year on the relevant business fascias.

Implementation of the Board approved strategy, decisions and policies are delegated to the Executive Directors of the Company for putting in place in relation to the day to day operational management of the Group. The Executive Directors are also supported by senior management teams in each of the B&M, Heron Foods and Babou businesses of the Group.

Schedule of matters reserved to the Board
The following matters are reserved to the Board for its approval:

Approve

- approving the long-term strategy and objectives of the Group and reviewing the Group's performance and management controls;
- approving any changes to the capital structure of the Group;
- approving the financial reporting, budgets, dividend policy and any significant changes in accounting policies and practices of the Group;
- approving any major capital projects of the Group;
- approving the structure, size and composition of the Board and remuneration of the Non-Executive Directors;
- approving and supervising any material litigation, insurance levels of the Group and the appointment of the Group's professional advisers;

Ensure

- ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives;
- ensuring the maintenance of a sound system of internal controls and risk management; and

Review

- reviewing the Company's overall corporate governance and approving the division of responsibilities of members of the Board.

Board and Committee meetings and attendance
The Board has a rolling programme of Board and Committee meetings throughout the year and also an annual strategy day in addition to the scheduled Board meetings and strategy sessions.

The General Counsel of the Group also attends all Board meetings and is responsible for advising the Board on corporate governance and compliance.

The Board held 5 Board meetings during the financial year 2019/20. A sixth Board and other committee meetings were scheduled for March 2020 along with the Group strategy day, each of which had to be cancelled due to the coronavirus travel restrictions. Consequently, groups of directors and members of the broader senior management team have had regular updates by conference calls in the meantime.

Attendance at Board and Committee meetings was as follows:

	Board	Audit & Risk Committee	Nomination Committee	Remuneration Committee
Meetings during 2019/20	5	4	5	4
Directors	Attended	Attended	Attended	Attended
Peter Bamford – Chairman	5	–	5	–
Simon Arora	5	–	5	–
Paul McDonald	5	–	–	–
Ron McMillan	5	4	5	4
Tiffany Hall	5	–	5	4
Carolyn Bradley[1]	3	4	3	1
Gilles Petit[2] (appointed 02 May 2019)	4	4	4	–
Directors who retired from the Board during 2019/20:				
Kathleen Guion (retired 01 January 2020)[3]	4	–	4	3

1 Carolyn Bradley notified the Chairman prior to her appointment to the Board on 15 November 2018 that she would she would be unable to attend one of the Board and Nomination Committee meetings which were both held on the same day, due to a clash in relation to a pre-existing appointment with a Board meeting of another company, which was taken into account on her appointment being made to B&M. She was also unable to attend another Board and Nomination Committee meeting which were both held on the same day, due to extreme weather conditions resulting in flights being suspended from London to Luxembourg. She had a full attendance record of Audit & Risk Committee meetings throughout the year, and also of Remuneration Committee meetings held since being appointed to that committee on 16 January 2020.

2 Gilles Petit notified the Chairman prior to his appointment to the Board on 2 May 2019 that he would be unable to attend one of the Board and Nomination Committee meetings which were both held on the same day, due to prior personal commitments which was taken into account on his appointment being made to B&M. He otherwise had a full attendance record during the year under review.

3 Kathleen Guion retired from the Board on 01 January 2020. She had a full attendance record of all Board and Committee meetings during the term of her office in the year under review.

4 Thomas Hübner (deceased) was a member of the Board until 01 May 2019 and retired on that date. Sadly he died later in 2019. As there were no Board or Committee meetings after the previous financial year-ended 31 March 2019 up to the date of his retirement on 01 May 2019, there are no meetings to report his attendance on in this report.

The Company held one general meeting of shareholders in the year under review, being the Annual General Meeting on 26 July 2019.

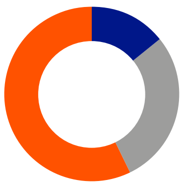
During the year meetings of the Non-Executive Directors and Chairman have been held. A meeting of the Non-Executive Directors without the Chairman being present was due to be held but was cancelled due to the coronavirus restrictions.

One-to-one meetings of the Chairman with each of the Independent Non-Executive Directors were also cancelled due to the coronavirus restrictions.

Board composition

During the financial year 2019/20 Gilles Petit was appointed as an additional Non-Executive Director. Kathleen Guion and Thomas Hübner retired as Non-Executive Directors.

The Board comprises the Chairman, 2 Executive Directors, being the CEO and CFO, and 4 Independent Non-Executive Directors.



Chairman	1
Executive Directors	2
Independent Non-Executive Directors	4

The Code recommends that at least half of the Board, excluding the Chairman, should comprise Independent Non-Executive Directors. The Company met this requirement during the whole of the year under review, with each of Ron McMillan, Tiffany Hall, Carolyn Bradley, Gilles Petit (appointed 2 May 2019), Thomas Hübner (retired 1 May 2019) and Kathleen Guion (retired 01 January 2020) being Independent Non-Executive Directors. Following the year end this requirement continues to be met. Each of the Independent Non-Executive Directors who served during the year under review was and continues to be considered by the Board to be independent in character and judgment and are free from relationships or circumstances which may affect, or could appear to affect their judgment as Directors. Independence is determined by ensuring that the Non-Executive Directors do not have any material business relationships or arrangements (apart from their fees for acting as Non-Executive Directors) with the Group or its Directors, which in the opinion of the Board could affect their independent judgment.

Simon Arora, Bobby Arora and Robin Arora and SSA Investments S.à.r.l. ("SSA Investments") (together "Arora Family") entered into a Relationship Agreement with the Company which came into effect on Admission and which continues to remain in force. Under the terms of that agreement for as long as the Arora Family, together with their associates, hold 10% or more of the ordinary shares in the capital of the Company, they are entitled to appoint one Director to the Board, and the first Director appointed by them is Simon Arora. At the year ended 31 March 2020, SSA Investments (together with Praxis Nominees Limited as its nominee) held 14.98% of the total issued shares in the Company.

Division of responsibilities

There is a clear division of the roles and responsibilities between the Chairman and the CEO and no individual has unrestricted powers of decision-making.

Chairman's key responsibilities:

Peter Bamford, as the Chairman of the Board, is responsible for leading the Board and ensuring its effectiveness, setting its agenda and high standards of corporate governance. The Chairman facilitates the contribution of the Non-Executive Directors and constructive relations between them and the Executive Directors.

Chief Executive key responsibilities:

Simon Arora, as the Group CEO, is responsible for the day-to-day management of the Group and implementation of strategy approved by the Board and other Board decisions. His role is supported by the Group CFO and the senior executive management teams in each of the Group's businesses.

The Board believes that the terms of the Relationship Agreement will continue to ensure that the Company and other members of the Group are capable of carrying on their business independently of the Arora Family and that transactions and relationships between them and the Group are at arm's length on normal commercial terms.

All Directors have service agreements or letters of appointment in place and the details of the terms of them are set out in the Directors' Remuneration Report on pages 62 to 72.

Diversity policy

The overall objective of the Company's Diversity Policy is to ensure that the Company has a well-balanced Board at all times in terms of the necessary skills, experience and independence of character and judgement of its members, for the Group to be managed effectively for its long-term success.

Appointments to the Board are based on merit so that the best candidates are appointed, but within that the Company recognises the value which a diverse Board brings to the business and it embraces diversity in relation to gender, race, age, educational and professional backgrounds. Along with that criteria, diversity in relation to international experience (in particular in relation to the Group's chosen markets), recent senior management or professional experience in retail and/or supply chain sectors and functional experiences in relation to membership and chairmanship of board committees are also relevant criteria of the Company.

Details of the Company's gender diversity in relation to the management of the Group are included in the Corporate Social Responsibility Report on page 34. By the end of the year under review the Company had two female Board members. One of the female Board members also chairs one of the three main standing Committees of the Board. The percentage of female Board members as at the year-end was 28.6%. It has reduced from the year-end position last year of 37.5%, as a result of the retirement of Kathleen Guion who had been with the Board since the IPO of the Company in 2014. The current 28.6% female membership of the Board is however a significant improvement on the position prior to the recruitments of Tiffany Hall and Carolyn Bradley in the 2018/19 financial year, with the Board having had only one female member prior to that since the IPO in 2014.

As reported last year the first level of senior management below the Board did not have any female representation. However, in line with the Board's intention to see that there is a greater mix of diversity by 2020 within the first level of senior management directly below the Board, there is now a female member at that level. She was recruited in February this year to the role of Group People Director.

Conflict of interests

Simon, Bobby and Robin Arora own all the shares in SSA Investments S.à.r.l., which (together with Praxis Nominees Limited as its nominee) holds 14.98% of the ordinary share capital and voting rights in the Company either directly or indirectly as the beneficial owner.

Simon Arora, Bobby Arora, Ropley Properties Ltd and Triple Jersey Ltd are all landlords of certain properties leased by the Group. Ropley Properties Ltd and Triple Jersey Ltd are owned by Arora family trusts.

Except as referred to above there are no potential conflicts of interest between any of the Directors or senior management with the Group and their private interests.

There is an established process of the Board for regularly reviewing actual or potential conflicts of interest. In particular there is a process for reviewing property lease transactions proposed to be entered into by related parties of Directors with any entities in the Group, including the provision of professional advice and consideration of it by a Related Party Transactions Committee of the Board (which includes the Chairman of the Board, Chairman of the Audit & Risk Committee and the General Counsel of the Group) and also by the Company's Sponsor in providing its opinion on the application of the Listing Rules and the applicability and appropriateness of any exemptions in respect of any transactions in the ordinary course of business. Each of the transactions are also reported to general meetings of shareholders' in accordance with Luxembourg Company Law. The above processes include:

- reports by the Property Estates team of B&M on the relevant subject store's suitability and location and details of the principal terms of the proposed lease;
- reports from the external Property Consultants of B&M who are retained to advise on new store acquisitions, store suitability and location strategy;
- reports from external independent Property Consultants on the principal commercial terms of the proposed lease and site location of the proposed new store;
- each of the Chairman and General Counsel, and also independently of them, the Company's Sponsor, discuss where necessary, the reports of the external independent Property Consultants with them as part of the process of the review by the Related Party Transactions Committee of the Board;
- the Company's Sponsor provides a written opinion to the Company in advance of the Related Party Transactions Committee's consideration of the relevant proposed transactions;
- copies of all the reports referred to above and the Sponsor's Opinion are reviewed by the Related Party Transactions Committee on behalf of the Board, and, in its updates to the Board the Committee provides copies of all the above reports and opinions to the Board; and
- the Related Party Transactions Committee of the Board considers the appropriateness of the relevant transactions independently of Arora family interests, and the CEO, Simon Arora, does not participate in those deliberations.

In addition to the above processes, the Chairman of the Audit & Risk Committee monitors on behalf of the Board a rolling report produced to the Related Party Transactions Committee, the Board and the Sponsor, which is updated throughout the year, on the number of related party leases and rents as a proportion of the overall property estate and rents of the Group.

There is a Board approved policy in relation to the use and chartering by the Group of a private jet owned by Arora family interests for business travel by executives and other colleagues, in instances where commercial operator direct flight schedules are either not available or timings are not feasible. The chartering of the plane by the Group is with the third party operator and CAA licence holder (not with Arora family interests as the owner of the plane). The Related Party Transactions Committee has oversight on behalf of the Board of the usage and costs, to ensure it complies with the Board approved policy for business use only and that costs do not exceed market rates. These transactions are within the exemption for small related party transactions under the Listing Rules, being below 0.25% under the class tests.

See pages 77 and 78 in relation to details of related party transactions entered into in the financial year 2019/20 and also as set out in note 30 on pages 135 and 136 of the financial statements.

Corporate governance report continued

Audit & Risk Committee

The Audit & Risk Committee consists of 3 Independent Non-Executive Directors and the Chairman of the Committee has recent and relevant financial experience.

The members of the Committee during the year under review were Ron McMillan (Chair), Thomas Hübner (retired 01 May 2019), Carolyn Bradley and Gilles Petit (appointed 02 May 2019). The Committee as a whole has competence relevant to the retail sector. See further the biographies of each of the members of the Committee on pages 46 and 47 above.

The duties of the Committee as delegated by the Board are contained in the terms of reference available on the Group's corporate website (as referred to above) and are also summarised in the table on page 50 above.

All meetings of the Committee are attended by the CFO and the Group's General Counsel. The Chairman of the Board and the CEO are also invited to attend. The Group's Internal Audit function and the Luxembourg and UK audit partners of the Group's external auditors also attend.

The Audit & Risk Committee Report on pages 57 to 61 sets out details of the role and activities of the Committee in the last financial year.

Remuneration Committee

The Remuneration Committee consists of 3 Independent Non-Executive Directors. The members of the Remuneration Committee during the year under review were Kathleen Guion (Chair until retirement on 01 January 2020), Tiffany Hall (Chair from 01 January 2020), Ron McMillan and Carolyn Bradley (appointed to the Committee on 16 January 2020).

The terms of reference of the Remuneration Committee are available on the Group's corporate website (as referred to above) and are also summarised in the table on page 50 above.

All meetings of the Committee are attended by the Group's General Counsel and also the Chairman of the Board and the CEO regularly attend meetings of the Committee, in each case at the invitation of the Chair of the Committee.

The Committee also retains FIT Remuneration Consultants LLP as external advisors who attend and participate at all meetings at the request of the Chair of the Committee.

The Directors' Remuneration Report on pages 62 to 72 sets out details of the role and activities of the Remuneration Committee in the last financial year.

Nomination Committee

The Nomination Committee consists of 6 Directors, being the Chairman of the Board (who chairs the Nomination Committee), the CEO and each of the 4 Independent Non-Executive Directors of the Company. The members of the Nomination Committee during the year under review were Peter Bamford (Chairman of the Committee), Simon Arora (CEO), Thomas Hübner (retired 01 May 2019), Ron McMillan, Kathleen Guion (retired 01 January 2020), Tiffany Hall, Carolyn Bradley and Gilles Petit (appointed on 02 May 2019). All meetings of the Committee are also attended by the Group's General Counsel, at the invitation of the Chairman of the Committee.

The duties of the Nomination Committee as delegated to it by the Board are contained in the terms of reference available on the Company's corporate website (as referred to above) and are also summarised in the table on page 50 above.

The Committee's terms of reference provide that it will meet not less than twice a year, and it has had five meetings in the year under review. During the year under review the main activities of the Committee were as follows:

1. Board succession

As reported last year the Committee, led by the Chairman, oversaw the process of identifying and recommending the appointment of Gilles Petit as a new Independent Non-Executive Director who joined the Board on 02 May 2019. The search was carried out by the Committee with the assistance of Russell Reynolds Associates who are a signatory to the voluntary code of conduct for executive search firms, and they had no other connection with the Group.

The Committee also carried out a search for a new Chief Financial Officer ("CFO") to be appointed in succession to Paul McDonald, following his decision to retire from the business in 2021 after more than 10 years in that role. Sam Allen Associates ("SAA") were retained in relation to that search process. As a result of that process Alex Russo is to be appointed as an Executive Director and CFO of the Company, on a start date to be mutually agreed by no later than June 2021. Alex Russo is currently the Group Finance Director of UK retailer Wilko, and previously spent five years as an Executive Director and CFO at Asda. SAA are a signatory to the voluntary code of conduct for executive search firms, and they have had no other connection with the Group.

In the year under review, following the retirements of Thomas Hübner on 1 May 2019 as the Senior Independent Director and Kathleen Guion as an Independent Non-Executive Director, the compliment of Independent Non-Executive Directors was four. This complies with Code requirements as referred to on page 52 above.

Having regard to the diversity objectives and criteria approved by the Board last year, it currently has two female Board members out of seven being 28.6% being female members (see further on page 53).

2. Wider executive team developments

The Committee and the CEO continued with the plan agreed in FY18/19 for the strengthening of the senior management team, as the business of the Group continues to grow at a significant rate.

In FY19/20 the Group appointed Allison Green as the Group People Director.

In France a Distribution Director was recruited this year, with the distribution function having being fully integrated into the business of Babou in place of the out-sourced structure that was in place prior to the acquisition. Following the year-end Anthony Giron was appointed as President and CEO of Babou on 11 May 2020. He has senior executive strategic and operational experience in the development of retail businesses and brands in France (including HEMA) and international expansion. Russell Reynolds Associates were also retained in relation to that search process.

Other senior recruitments have been made or are planned in relation to other areas of strategic and operational importance as the Group continues to grow in the UK and France.

3. Committee and other appointments

During the year the Committee recommended:

- the appointment of Ron McMillan, who has been on the Board since the IPO, to be the Senior Independent Director in succession to Thomas Hübner;
- the appointment of Tiffany Hall as Chair of the Remuneration Committee with effect from 01 January 2020 in succession to Kathleen Guion who retired from the Board on that date;
- the appointment of Carolyn Bradley to be a member of the Remuneration Committee; and
- the appointment of Gilles Petit as a member of the Audit & Risk and Nomination Committees.

Each of the above recommendations were confirmed and approved by the Board.

Board and Committees effectiveness review

External effectiveness reviews were conducted of the Board, Chairman and Board Committee's with Lintstock Limited ("Lintstock") in the year under review who were retained as specialist board review consultants. Lintstock had no other commercial relationship with the Group. The last external Board review was carried out in the financial year 2016/17.

The review process included the completion of confidential questionnaires by all of the Directors and the General Counsel. Kathleen Guion also participated in the process as she had been a Board member for the first three quarters of the financial year under review. Reports on the findings from the reviews were produced by Lintstock for the Board and considered by the Directors.

The key areas of focus identified for the future were culture and values, succession planning, and international strategy including the resolution of the future of the business in Germany and the development of the model of the business in France. In relation to those areas so far the following steps have been taken:

- continued progress in the succession planning programme in relation to Executive and Non-Executive succession to the Board, and in relation to the wider B&M UK executive management team and the French business as referred to above. There is still a significant amount of work to be done in developing succession plans and strengthening the senior management team. This is a continuing programme of action for the Committee and the management team;
- the sale of our interest in the German business was completed on 27 March 2020 (as referred to further on page 14 above); and
- a pilot group of stores from within the existing store estate in France have been converted to the B&M format to test the implementation and development of the model in that business. While those stores are ready, the period for testing the performance of those stores has been interrupted by the coronavirus restrictions in France, with all of our French stores having been closed since early March until the lifting of those restrictions on 11 May 2020.

In relation to other Code matters regarding the effectiveness of the Board and its members, where Directors have external appointments, the Committee and the Board are satisfied that they do not impact on the time the Director needs to devote to the Company.

The Nomination Committee has recommended, and the Board has proposed, the re-election of all members of the Board at the Company's Annual General Meeting to be held on 18 September 2020.

Appointments, induction and development

Where any new Director may need to be appointed by the Board, the Nomination Committee will lead the process, evaluate the balance of skills, experience, independence, knowledge and diversity on the Board, and in the light of that prepare a description of the role and capabilities required and identify candidates for the Board to consider using external consultants as appropriate.

All new Directors will receive a full, formal and tailored induction programme and briefing with members of senior management. They will also be required to meet major shareholders where requested.

A manual of documents is available for new Directors containing information about the Group, Directors' duties and liabilities under Luxembourg Company Law and obligations under the Listing Rules, DTRs and the Market Abuse Regulation, together with governance policies and the UK Corporate Governance Code.

The induction of Gilles Petit as the new Non-Executive Director took place this year with:

- a series of structured meetings with each of the Executive Directors, members of the broader senior management team of B&M and the Group's General Counsel;
- a Distribution Centre and Store Tour of the B&M UK fascia stores and Heron Foods stores;
- meetings with senior management of Babou at their headquarters in France, including Distribution Centre and Store Tours.

In relation to corporate governance he was provided with a comprehensive manual of documents in relation to all main aspects of B&M's governance and compliance as a Luxembourg registered company and as a UK listed company. He also had meetings with the Group's General Counsel in relation to the workings of the Board and each of its Committees.

The Directors update their knowledge and familiarity with the businesses of the Group throughout the year with a mix of central operations tours and B&M, Heron Foods and Babou stores along with members of the senior management of each of those businesses, and also senior management briefings and presentations in relation to each of the B&M, Heron Foods and Babou businesses.

The Nomination Committee considers training and development needs of the Executive Directors. The Directors also receive regular updates at Board and Committee meetings on law, regulatory and governance matters and future developments from the Group's General Counsel.

There is a procedure for Directors to have access to independent professional advice, at the Company's expense, in relation to their duties should they require it at any time.

Re-election of Directors

Following the external review and evaluation exercises of the Board carried out in the financial year 2019/20 as referred to above, the Nomination Committee has recommended that each of the Directors be re-elected to the Board.

The Board and the Chairman consider that all the members of the Board continue to be effective and to demonstrate commitment to their roles, and are able to devote sufficient time to their Board and Committee roles and duties. Accordingly, each of the Directors seek re-election at the Company's Annual General Meeting on 18 September 2020.

Risk management and internal control

The Board has overall responsibility for ensuring that the Group maintains a strong system of internal control.

The system of internal control is designed to identify, manage and evaluate, rather than eliminate, the risk of failing to achieve business objectives. It can therefore provide reasonable but not absolute assurance against material misstatement, loss or failure to meet objectives of the business, due to the inherent limitations of any such system.

An internal audit function was established by the Group over 4 years ago, following a review of the monitoring and reporting systems of the Group by the Audit & Risk Committee.

The Board is satisfied that the key risks to the business and relevant mitigating actions are acceptable for a business of the type, size and complexity as that operated by the Group.

The key elements of the Group's system of internal controls are as follows:

Financial reporting: monthly management accounts are provided to the members of the Board that contain current financial and operational reports. Reporting includes an analysis of actual versus budgeted performance and overviews of reasons for significant differences in outcomes. The annual budget is reviewed and approved by the Board. The Company reports half yearly and publishes trading updates in line with market practice;

Risk management: the creation and maintenance of a risk register, which is continuously updated and monitored, with full reviews occurring on at least an annual basis, facilitated by the Internal Audit function of the Group. Each risk identified on the risk register is allocated an owner, at least at the level of a senior manager within the business, and the action required, or acceptance of the risk is also recorded. The risk registers are provided to the Audit & Risk Committee and the Committee reports key risks and mitigating actions to the Board for monitoring as appropriate;

Monitoring of controls: following the establishment of the Internal Audit function, the Audit & Risk Committee receive regular reports from the Internal Audit function as well as those from the external auditors. There are formal policies and procedures in place to ensure the integrity and accuracy of the accounting records of the Group and to safeguard its assets;

Staff policies: there are formal policies in the Group in place in relation to anti-bribery and corruption, anti-slavery and whistle-blowing policies in relation to reporting of any suspected wrongdoing or malpractice. Those policies are reviewed and updated by the Group as required from time to time.

The Board and the Audit & Risk Committee have carried out a review of the effectiveness of the system of internal controls during the year ended 31 March 2020 and for the period up to the date of approving the Annual Report and Financial Statements.

Information on the key risks and uncertainties of the Group are set out on pages 24 to 31.

Shareholder relations

The Board recognises that good, regular communication is key to maintaining shareholder relations, and as such we will endeavour to explain our performance, management actions and financial results, and also to respond to investor feedback.

Meetings and calls are regularly held with institutional investors and analysts in order to provide the best quality information to the market.

The formal reporting of our full year results will be a combination of webcasts, presentations, group calls and one-to-one meetings in a variety of locations. The Board members, including the Chairman, the Senior Independent Director and each of the other Non-Executive Directors, are available to meet with major shareholders where they wish to raise issues outside of the above environments.

The Company will also communicate with its shareholders through the Annual General Meeting, at which the Chairman will give an account of the progress of the business over the past year, and will provide the opportunity for shareholders to raise questions with the Chairman and the Chairs of each of the Committees of the Board.

The Company holds conference calls and one-to-one meetings where practical in accordance with market practice generally during the course of each financial year with bondholders.

The Company's corporate website at www.bandmretail.com is regularly updated with our releases to the market and other information and includes a copy of this Annual Report and Financial Statements.

Other disclosures

Where information is applicable under Listing Rule 9.8.4R in relation to the Group, the following matters can be found on the following pages of this report:

(a) arrangements under which the B&M European Value Retail S.A. Employee Share Ownership Trust has waived or agreed to waive dividends or future dividends – page 76;
(b) relationship agreement and independence statement – pages 77 and 78.

Disclosures under DTR 7.2.6R with regard to share capital are set out in the sections headed "Share capital", "Shareholders" and "Section (a) Share capital structure", in the Directors' report and business review on pages 75 to 79 below.

Peter Bamford
Chairman
10 June 2020

Corporate Governance

Audit & Risk Committee report

> The Audit & Risk Committee monitors risks and risk mitigation. It advises the Board on financial reporting, viability and going concern and whether the Annual Report provides stakeholders with the information necessary to assess the Group's performance.

Ron McMillan
Chairman of the Audit & Risk Committee

Dear Shareholder,

During the year, the Audit & Risk Committee has continued to carry out a key role within the Group's governance framework, supporting the Board in risk management, internal control and financial reporting.

The Committee exercises oversight of the Group's financial policies and reporting. It monitors the integrity of the financial statements and reviews and considers significant financial and accounting estimates and judgements. The Committee satisfies itself that the disclosures in the financial statements about these estimates and judgements are appropriate and obtains from the external auditor an independent view of the key disclosure issues and financial statement risks. In relation to risks and controls, the Committee ensures that these have been identified and that appropriate responsibilities and accountabilities have been set.

A key responsibility of the Committee is to review the scope of work undertaken by the internal and external auditors and to consider their effectiveness. During the year the Head of Internal Audit resigned. An externally facilitated search is underway to recruit a replacement. An interim appointee was used during part of the year to ensure that the planned programme of internal audits for the year under review was completed.

The Committee has also considered the narrative in the Strategic Report and believes that sufficient information has been provided to give shareholders a fair, balanced and understandable account of the Group's business.

During the year, the Committee again oversaw the process used by the Board to assess the viability of the Group, the stress testing of key trading assumptions and the preparation of the Viability Statement, which is set out on page 32, in the principal risks and uncertainties section of the Strategic Report.

The Committee has continued to monitor related party transactions and has monitored the Group's compliance with the Grocery Code.

Further information on the Committee's responsibilities and the manner in which they have been discharged is set out below.

Going forward, I shall ensure that the Committee continues to acknowledge and embrace its role of protecting the interests of shareholders as regards the integrity of published financial information and the effectiveness of audit.

I am available to speak with shareholders at any time and will also be available at the Annual General Meeting on 18 September 2020 to answer any questions you may have on this report.

I would like to thank my colleagues on the Committee for their continued help and support during the year.

Ron McMillan
Chairman of the Audit & Risk Committee
10 June 2020

Committee composition
The Committee comprises three members, each of whom is an independent Non-Executive Director of the Company. Two members constitutes a quorum. The Committee must include one financially qualified member with recent and relevant financial experience. The Committee Chairman fulfils that requirement. All members are expected to have an understanding of financial reporting, the Group's internal control environment, relevant corporate legislation, the roles and functions of internal and external audit and the regulatory framework of the business. As reflected in the biographical summaries on pages 46 and 47, all members of the Committee have significant experience of working in or with companies in the retail and consumer goods sectors and, as such, the Audit Committee as a whole has competence relevant to the retail sector.

The members of the Committee during the year were Ron McMillan, Thomas Hübner (retired 1 May 2019), Carolyn Bradley and Gilles Petit (appointed 02 May 2019). Details of Committee meetings and attendances are set out on page 52 of the Corporate Governance report. The timing of Committee meetings is set to accommodate the dates of release of financial information and the approval of the scope and reviews of outputs from work programmes executed by the internal and external auditors. In addition to scheduled meetings, the Chairman of the Committee met with the CFO and the internal and external auditors.

Although not members of the Committee, Paul McDonald, CFO and Paul Owen, Group General Counsel, and representatives from the internal and external auditors attend all meetings. The Chairman of the Board and the CEO are also invited to attend.

Responsibilities
The responsibilities of the Audit & Risk Committee, as delegated by the Board, are set out in its terms of reference which are available on the Group's corporate website. They include the following:

- reviewing the integrity of the financial statements, price sensitive financial releases of the Group and the significant financial judgements and estimates relating thereto;
- monitoring the scope of work, quality, effectiveness and independence of the external auditors and approving their appointment, reappointment and fees;
- monitoring and reviewing the independence and activities of the internal audit function;
- assisting the Board with the development and execution of a risk management strategy, risk policies and current risk exposures, including the maintenance of the Group's risk register;
- keeping under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems;
- making recommendations to the Board in relation to the appointment of the external auditor; and
- maintaining effective oversight of compliance by our UK businesses with the Groceries Supply Chain Code of Practice (the "Groceries Code").

Committee activities in 2019/20
In discharging its oversight of the matters referred to in the introductory letter to this report and as set out below, the Committee was assisted by management, the Group's General Counsel and the internal and external auditors.

The recurring work of the Committee
The Committee considered the following matters during the year:

- consideration of the Annual Report and financial statements of the Group;
- consideration of the interim results report and non-statutory financial statements of the Group for the half year;
- consideration of key significant areas of accounting estimation or judgement;
- consideration of the significant risks included in the Annual Report;
- approval of the external auditors terms of engagement, audit plan and fees;
- going concern and viability statements;
- approval of the internal audit plan; and
- reports of the UK businesses of the Group regarding compliance with the Groceries Code and the annual compliance report to be filed with the regulatory bodies.

Accounting matters
The Committee considered the following accounting matters during the year:

- impairment testing of Jawoll goodwill in the Interim Financial Statements for FY20;
- the methodology applied by the Group to value inventory;
- accounting for put and call options in relation to Jawoll;
- accounting relating treatment of earn-out consideration in relation to the acquisition of Heron Foods and the acquisition accounting relating to Babou;
- goodwill impairment in relation to each of the companies in the Group;
- hedge accounting;
- the accounting for supplier rebates; and
- the implementation of IFRS 16.

In considering the accounting matters referred to above the Committee had regard to papers and reports prepared by the Group's Finance Department and the external Auditors and the explanations and disclosures made in the Group's financial statements. The Committee also considered the significance of these accounting matters in the context of the Group's financial statements and their impact on the Group's statement of comprehensive income and the statement of financial position.

In relation to IFRS 16, the Committee was satisfied with the model the Group had developed for implementing the new standard in the year under review.

The meetings at which the following matters were considered are set out below:

	May 2019	Sep 2019	Nov 2019	Jan 2020
Internal Audit ("IA")				
IA annual evaluation	•			
IA work plan, reports and updates	•	•	•	•
External Audit				
Audit reports on preliminary results and annual report FY19	•			
Audit report on the Group's interim results FY20			•	
External audit plan and strategy		•		
External auditor's effectiveness/ independence/and quality of audit	•			•
Non-audit services provided by the external auditor	•			•
Accounting matters				
The methodology applied to inventory valuation	•	•	•	
Accounting for put & call option in relation to Jawoll	•		•	
Accounting in relation to Heron Foods acquisition earn-out			•	
Acquisition accounting in relation to Babou	•			
Adopting accounting for hedging instruments and policy	•	•	•	
Accounting in relation to supplier rebates	•		•	
Adoption of IFRS 16	•	•	•	
Review of goodwill impairment testing in relation to Jawoll	•		•	
Other matters				
Review of related party transaction due diligence processes (associated companies)		•		
Quarterly reviews of related party transactions (associated companies)			•	•
Year-end final review of related party transactions (store leases)	•			
Consideration of Brexit risks, mitigations and disclosures	•		•	
IT internal controls and cyber security	•			
Review of Groceries Code compliance and complaints		•	•	•
Review of going concern and viability for FY19	•			
Review of process relating to going concern and viability testing for FY20			•	
Review of GDPR	•			

IT systems and business continuity

The success of the business relies on the development and operation of IT systems which are efficient and effective. In addition, the integrity and security of the IT systems are vital from a commercial standpoint.

During the year, the Board reviewed the Group's IT systems and controls and was satisfied that IT controls are effective.

Regulation

The Group operates within a fast moving and increasingly regulated market place and is challenged by regulatory requirements across the board, including those controlling bribery and corruption, the importation of goods, data protection and health and safety. This creates risk to the organisation as non-compliance can lead to financial penalties and reputational damage in respect of customers, employees, suppliers and stakeholders.

The Board reviewed the Group's compliance procedures and the application of policies relating to fraud, anti-money laundering and anti-bribery.

As a standing agenda item at each of its meetings the Committee considered and reviewed B&M and Heron Foods' compliance with the Groceries Code. After the year-end the Committee also reviewed the annual compliance report of B&M and Heron Foods in relation to the Groceries Code and approved it for submission to the regulatory bodies in accordance with The Groceries (Supply Chain Practices) Market Investigation Order 2009.

GDPR

The Committee reviewed the Group's Data Protection and GDPR policy and the actions being taken to comply with the GDPR. Responsibility for GDPR compliance ultimately rests with the Board.

Related party transactions

There is an established process for the consideration and review of related party store lease transactions of the Group with Arora Family Details of that process are set out on page 53 of the Corporate Governance Report above.

The Committee reviews and monitors for the Board the overall total number of related party store leases and rents of the Group with those related parties during the course of the year, with a view to assessing any potentially material increases in the proportion of those store leases or rents compared with the overall store estate and rent roll.

Internal control and risk management

The Board has overall responsibility for ensuring that the Group maintains a sound system of internal control. There are inherent limitations in any system of internal control and no system can provide absolute assurance against material misstatements, loss or failure. Equally, no system can guarantee elimination of the risk of failure to meet the objectives of the business. Against that background, the Committee has helped the Board develop and maintain an approach to risk management which incorporates risk appetite, the framework within which risk is managed and the responsibilities and procedures pertaining to the application of the policy.

The Group is proactive in ensuring that corporate and operational risks are identified and managed. A corporate risk register is maintained which details:

1. the risks and the impact they may have;
2. actions to mitigate risks;
3. risk scores to highlight the implications of occurrence;
4. ownership of risks; and
5. target dates for actions to mitigate risks.

A description of the principal risks is set out on pages 24 to 31.

The Board has confirmed that it has carried out a robust assessment of the principal risks facing the Group, including emerging risks and those which threaten its business model, future performance, solvency or liquidity.

The Board considers that the processes undertaken by the Committee are appropriately robust and effective and in compliance with the guidelines issued by the Financial Reporting Council. During the year, the Board has not been advised by the Committee nor has it identified itself, any failings, frauds, or weaknesses in internal control which it has determined to be material in the context of the financial statements.

The Committee continues to believe that appropriate controls are in place throughout the Group, that the Group has a well-defined organisational structure with clear lines of responsibility and a comprehensive financial reporting system. The Committee also believes that the Company complies with the FRC guidance on Risk Management, Internal Control and related Financial Business Reporting.

Furthermore, the Internal Audit function has carried out a robust assessment of the effectiveness of actions taken by management to mitigate significant risks and this has been reviewed by the Committee.

Reviewing the draft interim and annual reports

The Committee considered in particular the following:

- the accounting principles, policies and practices adopted and the adequacy of related disclosures in the reports;
- the significant accounting issues, estimates and judgements of management in relation to financial reporting;
- whether any significant adjustments were required as a result of the audit;
- compliance with statutory tax obligations and the Group's tax policy;
- whether the information set out in the Strategic Report was balanced, comprehensive, clear and concise and covered both positive and negative aspects of performance; and
- whether the use of "alternative performance measures" obscured IFRS measures.

Going concern and financial viability

The Committee reviewed the appropriateness of adopting the going concern basis of accounting in preparing the full year financial statements and assessed whether the business was viable in accordance with the UK Corporate Governance Code 2018. The assessment included a review of the principal risks including emerging risks facing the Group, their financial impact, how they are managed, the availability of finance and the appropriate period for assessment. The Committee also ensured that the assumptions underpinning forecasts were stress tested. The Group's viability statement is on page 32.

Fair, balanced and understandable.

The Committee considered whether the 2020 Annual Report is fair, balanced and understandable and whether it provides the necessary information to shareholders to assess the Group's position, performance, business model and strategy. The Committee considered management's assessment of items included in the financial statements and the prominence given to them. The Committee and subsequently the Board were satisfied that, taken as a whole, the 2020 Annual Report and Accounts are fair, balanced and understandable.

External auditors

KPMG Luxembourg Société Coopérative (KPMG) were re-appointed by shareholders at the Annual General Meeting on 26 July 2019 as the Group's independent external auditors (réviseur d'entreprises agréé) for the financial year ended 28 March 2020. The partners responsible for the audit are Thierry Ravasio, a partner in KPMG's Luxembourg office and Tony Sykes, a partner in KPMG's London office who has been the UK based partner responsible for the Group's 2020 audit. Tony Sykes replaced Nicola Quayle, who was the UK based partner responsible for the Group's 2019 audit.

The Committee reviewed KPMG's UK Transparency Report for the year ended 30 September 2019 and noted the significant progress the firm has made in relation to Audit Quality Indicators, particularly in FT350 audits. The Committee also discussed with KPMG the results of the FRC Audit Quality Inspection of KPMG as a whole and noted that the firm acknowledges that further improvements are required. The Committee will continue to monitor progress against an array of improvement plans.

In relation to the Group's audit, the Committee has reviewed the performance of KPMG with input from management, the Group's finance and internal audit functions and the General Counsel. The conclusions reached were that KPMG has continued to perform the external audit in a very professional and efficient manner and it is, therefore, the Committee's recommendation that the reappointment of KPMG be put to shareholders at the Annual General Meeting on 18 September 2020. Given KPMG's short tenure of four years, the Board has no present plans to consider an audit tender process.

The Committee reviewed the reports prepared by KPMG on key audit findings as well as the recommendations made by KPMG to improve processes and controls together with management's responses to those recommendations. Management has committed to making appropriate changes in controls in the areas highlighted by KPMG.

Non-audit work

The Board's policy in relation to the auditors undertaking non-audit services is that they are normally subject to tender processes with the allocation of work being done on the basis of competence, cost effectiveness, regulatory requirements, potential conflicts of interests and knowledge of the Group's business.

KPMG were paid £732,200 during the year, £109,900 of which was for non-audit work with the remaining balance relating to audit services. The non-audit work of £109,900 mainly related to work associated with the half year interim report.

The Committee is mindful of the attitude investors have to the auditors performing non-audit services. The Committee monitors the appointment of the auditors for non-audit services with a view to ensuring that non-audit services do not compromise the objectivity and independence of the auditors. The Committee will continue to ensure that fees for non-audit services will not exceed 70% of aggregate audit fees measured over a three year period.

Internal audit

The Group Internal Audit function has a direct reporting line to the Committee and they are represented at all Committee meetings in person. In September 2019 the Head of Internal Audit resigned, and for a period of the year, the Internal Audit function was challenged in delivering the agreed work programme. External temporary resources were engaged and a new Head of Internal Audit is expected to join the Group in the summer. During the year, Internal Audit undertook a programme of work which was discussed with and agreed by both management and the Committee and which was designed to address both risk management and areas of potential financial loss. Internal Audit has also established procedures within the business to ensure that new risks are identified, evaluated and managed and that any necessary changes are made to the risk register.

During the year, the Committee received reports from the Internal Audit function in relation to:

- corporate policies and compliance;
- corporate risk register and risk mitigations;
- procurement (merchandise);
- procurement (non-merchandise);
- general ledgers;
- warehouse infrastructure;
- shop audits & shrinkage;
- warehouse stock takes;
- commodity prices, cost inflation and freight and energy rates;
- fixed assets;
- payroll;
- cyber security;
- financial controls;
- GDPR;
- stock management;
- general ledger;
- supply chain;
- related party transactions with associated companies; and
- Brexit risks and mitigations.

In relation to each of the above, Internal Audit made recommendations for improvements, the vast majority of which were agreed by management and either have been or are being implemented.

The Committee has evaluated the performance of internal audit and has concluded that it provides constructive challenge to management and demonstrates a constructive and commercial view of the business.

Committee performance

The performance of the Committee during the year was evaluated as part of a broader Board performance review conducted externally as described on page 55 above. The overall conclusion of the review was that the Audit & Risk Committee is rated highly overall.

Ron McMillan
Chairman of the Audit & Risk Committee
10 June 2020

Directors' remuneration report

Annual statement by the Chair of the Remuneration Committee

"We aim to encourage superior performance and only reward sustained success in the delivery of the Board's strategy and long term objectives."

Tiffany Hall
Chair of the Remuneration Committee

Dear Shareholder,

I am pleased to present the Company's Annual Remuneration Report for 2019/20. In January this year I became the Chair of the Remuneration Committee in succession to Kathleen Guion who retired from the Board at that time. I intend to continue to build on the hard work of Kathleen and the Committee on the future development of our remuneration strategy.

Performance and awards for 2019/20

The Group's performance in 2019/20 was solid overall. Total Group revenues increased by 16.5%, profit before tax increased by 3.2%, the Group's cash flow from operations increased by 25.9%, and there was a 5.9% increase in the number of B&M UK stores in the year. This was in the context of a generally good performance in the UK but less so in continental Europe, ultimately leading to the strategic decision to sell Jawoll which was completed on 27 March 2020.

The Annual Incentive Plan ("AIP") out-turn for the CEO and CFO was 42.6% and 28.1% of their respective maximums, which reflected a solid financial performance and the Committee's assessment against objectives set this year for them. One-third of the bonus achieved by the CEO and CFO under the AIP in 2019/20 will be deferred into shares for 3 years.

The LTIP granted to the CFO awarded in 2017 has reached the end of the relevant performance period. This was subject to two performance conditions being the adjusted earnings per share and the relative TSR performance of the Company against FTSE 350 retailers, each being over a 3 year performance period measured at 28 March 2020. The TSR performance resulted in a 67.9% out-turn for that measure. The adjusted earnings per share was 20.3p being a 44.5% out-turn under that measure and giving a 56.2% overall vesting of that award at the end of the holding period which will be in August 2022.

The Committee has discretion to adjust the level of vesting. It considered that the formulaic out-turns under both the AIP and LTIP were appropriate and approved the outcomes without the exercise of any discretion.

Implementation of remuneration policy for 2020/21

The Committee agreed an increase in base salary levels for the two Executive Directors of 2% in line with the average for UK salaried staff generally with effect from June 2020. The AIP and LTIP arrangements remain substantially unchanged from the previous year. Our practice is to make the LTIP grants in August each year. The Committee will consider both the grant level and the appropriate performance conditions for the 2020 LTIP grant at that time.

Policy renewal

Our remuneration policy will be due for its triennial shareholder vote at our 2021 AGM. The Committee will shortly commence its planned review and will consult with its leading shareholders and their proxy advisors on any proposed changes to the policy in due course. As part of its regular activities, the Committee is advised of developments on institutional guidance and market practice. In particular, it has noted developments relating to the operation of post-cessation share ownership guidelines, and on the alignment of pension provision with that available to employees generally. Consistent with its normal approach, it will consider such developments as part of the policy review process and will develop a plan to align pension rates for the current Executive Directors with those available to the majority of UK salaried employees of the Group by the end of 2022. It has already committed that any new appointment would be on such terms.

Corporate Governance Code

The Committee already complied in 2018/19 with the various aspects of the 2018 Corporate Governance Code (the "Code") and revised its terms to provide for its oversight of wider workforce pay. In this regard it now directly approves packages for a wider group of leaders in the Group and it received reports on pay and conditions across the Group's UK businesses in 2019/20.

The Committee is conscious of the Code's references to remuneration arrangements being clear, simple, predictable, proportionate and to take adequate account of risk while being aligned to culture. These factors have been considered and are felt to be satisfied through:

- Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce: the Company's remuneration policy and arrangements are clearly disclosed each year in this report. The Committee proactively engages with shareholders and their representative bodies as part of the triennial policy renewal process and is available to discuss matters at any other time;
- Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand: the Company operates a simple pay model which typically pays at no more than median while encouraging superior performance, and only rewarding sustained success achieved in a manner consistent with the Board's overall objectives to deliver superior returns for our shareholders. This is set by the operation of a mix of absolute profit targets and relative total shareholder return assessed alongside stretching personal objectives which recognise delivery against defined goals;
- Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated: the overall policy offers reward at typically no more than a median level and is subject to the operation of suitably stretching targets, which is consistent with our business model as a value retailer. Payments of variable pay are subject to the Committee being satisfied that the outcome is appropriate and all our variable pay plans include the ability to operate malus and clawback where necessary;
- Predictability – the range of possible reward values to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy: the policy set out in the 2018 Annual Report included a scenario chart showing potential pay levels on various assumptions and all awards are subject to maximum grant levels as set out in the policy;
- Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance: the out-turn in respect of variable pay is clearly set out in this report and payments are contingent on the strategic pillars of EBITDA, EPS, relative total shareholder return and personal objectives pre-set by the Board. As indicated under Risk above, the out-turn can be reduced as appropriate; and
- Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy: the variable pay plans are clearly aligned to the delivery of shareholder value through a focus on growth in profits and shareholder returns.

Luxembourg law

The Law of 1 August 2019 in relation to remuneration policies and reporting was adopted in Luxembourg (the "Luxembourg Law of 1 August 2019") and came into effect on 1 October 2019, which applies to the Company. The law amends the Luxembourg Law of 24 May 2011 to adopt and implement the provisions of the EU Shareholder Rights Directive 2017/828 in Luxembourg on directors' remuneration. The Company has reviewed the existing shareholder approved policy and it is satisfied that it complies with the requirements of the Luxembourg Law of 1 August 2019. Accordingly no amendments to the existing policy are required to be proposed at this years' AGM.

The Luxembourg Law of 1 August 2019 requires that the remuneration policy of the Company be put to shareholders to vote at least once every four years. However in accordance with the Company's voluntary policy since the IPO of putting the remuneration policy to shareholders for voting on every 3 years (as explained below), that practice will continue to be followed, which will comply with the recent changes in Luxembourg law.

The Annual Remuneration Report has been prepared to comply with the reporting requirements of the Luxembourg Law of 1 August 2019. The Company, as a Luxembourg registered company, is not subject to the regulations adopted in the UK in 2013 (and as amended) for the reporting of executive remuneration. However, in addition to the Luxembourg law reporting requirements, the Committee considers the UK regulations to also be reflective of best practice and helpful to shareholders to maintain consistency with the Company's reporting in previous years while also complying with the requirements of the Luxembourg law. The report has therefore been prepared by the Company to follow the practice (as in the case in previous years) of also voluntarily adopting the UK reporting regime where practical and while maintaining the Company's status as a Luxembourg registered company.

Format of the report

The report sets out below on pages 64 to 72 the Company's Annual Remuneration Report, which details the remuneration paid to the Directors' in the 2019/20 financial year, and which is subject to a shareholder advisory vote at our 2020 AGM.

Following best practice we have set out the remuneration policy table which was approved by shareholders in 2018, on pages 73 and 74 below. The full policy report is available in the 2018 Annual Report on our website at www.bandmretail.com.

We aim to achieve an appropriate balance between shareholders' interests and those of the executives in relation to the implementation of the Company's remuneration arrangements. I hope that you agree with the decisions we have made this year and will be able to support this year's vote on the remuneration report.

I welcome any feedback which shareholders may have in relation to this report in the meantime. I will also be available at the AGM to take any questions in relation to this report.

Tiffany Hall
Chair of the Remuneration Committee
10 June 2020

Role of the Remuneration Committee

The Committee has responsibility for determining the Company's policy on remuneration of the Executive Directors and the Chairman, the first layer of senior management of the Group below the Board and the Group's General Counsel. Its terms of reference were updated last year to ensure it reviews the pay and conditions of the Group's wider workforce. The Committee does not consult directly with employees when reviewing Executive Directors remuneration but it takes account of the general annual rate of the basic salary increase for the broader salaried workforce when undertaking annual salary reviews for the Executive Directors.

The Committee's key aims in developing the remuneration policy are to attract, retain and motivate high-calibre senior management and to focus them on the delivery of the Group's strategic business objectives, to promote a strong and sustainable performance culture, to incentivise high growth and to align the interests of Executive Directors and senior management with those of shareholders. In promoting these objectives, the Committee's aims are to develop a remuneration policy in a simple, transparent and understandable way and to ensure that no more than is necessary is paid. The framework of the forward-looking policy approved by shareholders in 2018 was structured to adhere to the principles of good corporate governance and having regard to pay across the wider workforce and appropriate risk management.

The Committee's terms of reference are available on the Company's website at www.bandmretail.com

How the views of shareholders are taken into account

The Committee recognises that developing a dialogue with shareholders is constructive and informative in developing and applying the remuneration policy. The Committee consulted with a number of shareholders and investor bodies, before the current forward-looking policy was approved by shareholders in 2018.

The Committee welcomes feedback generally at any time which will be considered as part of its triennial review of the remuneration policy or, if appropriate, earlier.

Annual Remuneration Report

Implementation of Remuneration Policy

The Committee has operated the remuneration policy in accordance with the Directors' Remuneration Policy (the "Policy") which was approved by shareholders at the Company's AGM on 30 July 2018.

This section of the report sets out how the Policy has been applied in the financial year 2019/20 and how it will be applied in the financial year 2020/21.

Where sections of the report have been subject to audit, they are marked accordingly.

Salary

As referred to last year, the Executive Directors received a 2% increase in their base salaries with effect from the beginning of the 2019/20 financial year.

The Executive Directors received a 2% increase in their base salaries with effect from June 2020 (which was not back-dated to the beginning of the 2020/21 financial year), being the same percentage rate of increase given to the B&M UK salaried staff.

The next planned salary review for the Executive Directors will be from the beginning of the 2021/22 financial year, being the financial year when the remuneration policy for Directors will be due next for consideration and voting on by shareholders.

Benefits

Benefits are set by the Committee in accordance with the remuneration policy set out on pages 73 and 74 below. There are no changes proposed to the overall benefits framework for 2020/21.

Pension

Pension contributions are in line with the remuneration policy. The amounts paid in the year represent either the amount contributed to personal pension plans, or the equivalent cash value (adjusted for the cost of employers' NICs) as salary supplements.

There are no changes proposed to the rates of the pension benefits of the Executive Directors for 2020/21, which remain at 20% of base salary (or cash equivalent less Employers' NICs) for the CEO and 15% of base salary (or cash equivalent less Employers' NICs) for the CFO in accordance with the remuneration policy. For any new Executive Directors their pension benefits would be capped at the same percentage of base salary applied generally to UK salaried employees of the Group, notwithstanding the higher cap approved by shareholders in the remuneration policy adopted in 2018, and (as indicated below) the new CFO's rate is aligned with that. In addition, as part of the triennial review, the Committee plans to align pension rates for the current Executive Directors with those available to the majority of UK salaried employees of the Group by the end of 2022.

Single figure table of total remuneration of Executive Directors – audited

The audited table below shows the aggregate remuneration of the Executive Directors of the Company during the financial year 2019/20.

Executive Directors	Year[1]	Salaries £	Benefits[2] £	Pension[3] £	Total fixed pay £	Bonus[4] £	Value of long term incentives[5,6] £	Total variable pay £	Total £
Simon Arora (CEO)	2018/19	631,221	27,068	111,033	769,322	435,661	–	435,661	1,204,983
	2019/20	643,845	44,733	113,313	801,891	411,303	–	411,303	1,213,194
Paul McDonald (CFO)	2018/19	318,355	8,743	42,060	369,158	160,262	292,800	453,062	822,220
	2019/20	324,722	8,647	42,961	376,330	114,011	160,474	274,485	650,815

1. The 2018/19 year is for the 52 weeks ended 30 March 2019 and the 2019/20 year is for the 52 weeks ended 28 March 2020.
2. Benefits in 2018/19 and 2019/20 include company car/car allowance cash equivalent as a benefit in kind, fuel and running costs, critical illness insurance and life assurance for each Executive Director, and for the CFO only, permanent healthcare insurance.
3. 2019/20 pensions include auto-enrolment pension employer contributions and a cash equivalent allowance to pension contribution entitlement less employers' NICs. 2018/19 has been re-stated to also include auto-enrolment pension employer contributions.
4. One third of the annual bonuses of the CEO and the CFO for 2019/20 being £137,101 and £38,004 respectively, are payable in shares which are to be deferred for a period of three years from the date of grant and will be subject to forfeiture if they voluntarily resign or leave due to misconduct in circumstances where the Company is entitled to summarily dismiss them, prior to the end of that period.
5. LTIP awards in 2018/19 and 2019/20 were subject to pre-vest performance conditions, so they will be included on the satisfaction of those conditions. The performance targets for the LTIP are set out on page 68. The 2017/18 grant has been tested and the result of that is explained on page 66 so it has been included in the above figures although it will not vest until the expiry of the holding period on 07 August 2022. The value of LTIP's for 2018/19 has been restated to reflect the share price on the third anniversary of grant, being £3.517 on 18 August 2019. The value of LTIP's for 2019/20 has been estimated using the actual number of shares due to vest and the three-month average share price to the year-end of £3.517.
6. No element of the figure for 6 August 2017 LTIP grant to the CFO reflects share price appreciation.
7. The remuneration of the two Executive Directors is paid by B&M Retail Limited, other than their long-term incentives. The reported figures include all such amounts.

Change in Executive Directors

As announced on 3 March 2020, Alex Russo will be joining the Group as CFO. The longstop date for him joining is June 2021. His package comprises a base salary of £475,000 plus the same terms as the current CFO except that his pension has been set at the lower rate of 3% of base salary. In addition, he may receive a payment of up to £450,000 as compensation for the loss of bonuses and long-term incentive awards forfeited on leaving his current employer, together with transitional travel and accommodation allowances and relocation benefits. While his starting salary is higher than that of the current CFO, it is not considered excessive against external benchmarks and does not represent a premium to his current role. The buy-out award is performance based, contingent on employment (up to April 2023 to receive the full amount) and represents a discount to what is forfeited as a result of his agreeing to join the Company.

The current CFO is subject to a service contract with 6 months' notice and has agreed to stay with the Group both while we await Alex Russo joining us and for a transitional period afterwards to help with the handover. No special exit terms have been agreed and his arrangements will be fully disclosed in due course.

Bonus

Executive Directors bonus payments for 2019/20 are in line with the remuneration policy and the terms of the Annual Incentive Plan ("AIP"), in the amounts set out in the table above, together with 1/3 of the bonus achieved under the AIP in 2019/20 which has been deferred into shares for 3 years.

75% of the maximum AIP opportunity related to the achievement of financial targets for 2019/20. The targets were based on adjusted Group EBITDA performance as follows:

	Adjusted Group EBITDA target*	% maximum overall Bonus opportunity
Threshold	£316.26m	18.75%
Target	£351.40m	37.5%
Max	£368.97m	75%
Actual	£323.5m	22.6%

* There is a straight-line vesting between the threshold, target and maximum points achieved.

The other 25% of the AIP related to personal objectives. These objectives focused on a number of key performance indicators ranging from strategic, operational and investor relations matters. The Committee assessed each objective against those criteria as explained below.

In particular:	CEO	CFO
Objectives	In relation to the CEO: i. building a high performing leadership team with enhanced breadth and depth was assessed as achieved, evidenced by securing high calibre new recruits including a new CFO and Group People Director in the UK, together with a Distribution Director in the French business; ii. delivering strategic and operational progress in France and Germany was assessed at 40% only with progress having been made in relation to the integration of the French business, but Jawoll having underperformed and ultimately having been sold by the Group; iii. like-for-like category sales performance improvements in the Home and Toy department were assessed at 75% having exceeded the target of LFL sales growth for Home (being the significantly larger of the two categories); iv. distribution and logistics objectives were achieved with both bringing on stream the Bedford Distribution Centre and delivering significant shareholder value through the sale and leaseback of the Bedford Distribution Centre SPV; and v. investor relations outcomes were assessed as having been achieved by the continued performance of the Group, notwithstanding the impacts in China of the coronavirus on supply chains which were averted by the Group.	In relation to the CFO: i. cost control reductions in relation to certain overheads were not achieved at targeted levels; ii. contribution to strategic growth initiatives were limited with the CFO being more involved in other areas including the financial impacts of the strategic review of the Jawoll business; iii. integration of financial reporting was assessed at 35% with the CFO having made significant progress in relation to the Heron Foods business, but not as strongly in relation to the European fascia businesses; iv. reductions in overall insurance costs and outlays was assessed with a 50% score being achieved based on targeted outcomes; and v. investor relations outcomes were assessed as having been achieved by the continued performance of the Group, notwithstanding the impacts in China of the coronavirus on supply chains which were averted by the Group.
	Overall 20 out of 25	**Overall 6 out of 25**

The Committee reviewed the AIP during the year and remains satisfied that it continues to be appropriate for the Company.

Accordingly, for 2020/21, the maximum bonus opportunity for the CEO and CFO will remain at 150% and 125% of base salary respectively. Under the awards for 2020/21, 75% of the maximum bonus opportunity is again based on the achievement of an Adjusted EBITDA target and 25% on achievement of personal objectives. In relation to each award 1/3 of any bonus achieved will be deferred into shares for 3 years. The awards will also be subject to malus and claw-back provisions.

The Committee does not disclose Adjusted EBITDA targets in advance as they are commercially sensitive and it is not market practice to do so. Suitable disclosure of the financial target ranges together with an explanation of any personal assessment will again be included in next year's report retrospectively.

Long term incentives

The award granted on 07 August 2017 to the CFO was based on a combination of EPS and TSR measured to 28 March 2020 and the out-turn of those targets was that the TSR condition was met to the extent of 67.9% and the adjusted earnings per share was 20.3p being an out-turn under that measure of 44.5%. While the award does not vest until the expiry of the holding period being on 07 August 2022, on the basis that the performance conditions have been satisfied to the extent of 56.2% that proportion of the award has been included within the single figure.

Under the LTIP, subject to meeting performance conditions set by the Committee, awards will ordinarily vest on the third anniversary of the date of grant subject to a further two year holding period applying. The maximum individual limits for awards are capped at 200% of base salary under the existing remuneration policy and LTIP Plan rules.

Awards were made to the CEO and CFO under the LTIP on 02 August 2019 equal to 200% of base salary and for 175% of base salary respectively. Details of the award are set out in the table on page 67 below.

For 2020/21, it is expected that awards will be made in accordance with past practice in August 2020. The Committee will consider both the grant level and the appropriate performance conditions of the LTIP grant at that time.

Those awards are proposed for the CEO to be equal to 200% of base salary and for the CFO 175% of base salary, with performance measures unchanged from those applying to the LTIP grant for 2019/20. The TSR condition will be the same as the LTIP for 2019/20 (with the precise comparator group being determined at the time of the grant). The EPS range will be determined at the time of grant. There will be a holding period expiring on the fifth anniversary of the date of the grant.

Remuneration of the Chairman and Non-Executive Directors – audited

The fees of the Chairman are set by the Remuneration Committee. The fees of each of the Non-Executive Directors are set by the Board and take account of Chairmanship of Board Committee's and the time and responsibility of the roles of each of them.

The fees paid for 2019/20 to the Chairman of the Board and each of the Non-Executive Directors were as follows:

Director	2019/20 Fee £	Benefits[1]	2018/19 Fee £
Peter Bamford	300,000	34,971	300,000
Ron McMillan	85,155	–	70,000
Tiffany Hall	61,000	–	45,645
Carolyn Bradley	58,000	–	36,428
Gilles Petit (appointed to the Board 2 May 2019)	53,114	–	–
Kathleen Guion (retired from the Board 1 January 2020)	52,500	–	70,000
Thomas Hübner (retired from the Board 1 May 2019)	12,349	–	74,500

1. The benefits for the Chairman relate to reimbursement of an additional social security fund levy payable on his fees in Luxembourg (grossed-up) for which credit cannot be claimed against UK income tax. They represent the amount payable from his original appointment on 1 March 2018 to the end of the 2019/20 financial year, broadly representing 2 years' worth of reimbursement.

For 2020/21, the Board agreed with effect from June 2020 to increase the base fees from £58,000 to £60,000 and fees for chairmanship of the audit and remuneration committees from £12,000 to £15,000. No increase was made to the SID fee (which remains at £16,500). A new fee of £5,000 for the director responsible for workforce engagement was also introduced.

Scheme interests awarded during the financial year – audited

The audited tables show all share awards held by Directors, together with awards made in 2019/20.

Each award in the following table takes the form of nil cost options under the LTIP scheme, with each grant up to 7 August 2017 being equal to 100% of base salary and awards made from 20 August 2018 onward to the CEO and CFO being equal to 200% and 175% of base salary respectively.

Director	Date of grant	Share price at date of grant	Number of shares over which award was granted	Number of awards exercised in the year	Number of awards lapsed in the year	Number of awards held at 28 March 2020	Face value of award	% of face value that would vest at threshold performance	Vesting on performance over date
Simon Arora	20.08.18	£4.045	312,099	–	–	312,099	£1,262,440.46	25%	Third anniversary of the date of grant subject to an additional two year holding period
	02.08.19	£3.630	354,735	–	–	354,735	£1,287,688.05	25%	Third anniversary of the date of grant subject to an additional two year holding period
Paul McDonald	05.08.15	£3.570	81,232	–	9,139	72,093	–	25%	Third anniversary of the date of grant subject to an additional two year holding period
	18.08.16	£2.726	109,042	–	22,899	86,143	–	25%	Third anniversary of the date of grant subject to an additional two year holding period
	07.08.17	£3.733	81,220	–	35,592	45,628	–	25%	Third anniversary of the date of grant subject to an additional two year holding period
	20.08.18	£4.045	137,730	–	–	137,730	£557,117.85	25%	Third anniversary of the date of grant subject to an additional two year holding period
	02.08.19	£3.630	156,546	–	–	156,546	£568,261.98	25%	Third anniversary of the date of grant subject to an additional two year holding period

Each award in the following table takes the form of nil cost deferred shares awarded in relation to one third of AIP bonus payment outturns for the periods below.

Director	Date of grant	Share price at date of grant	Number of shares over which award was granted	Number of awards exercised in the year	Number of awards lapsed in the year	Number of awards held at 28 March 2020	Face value of award	Vesting
Simon Arora	04.06.19	£3.515	41,314	–	–	41,314	£145,218.71	Third anniversary of the date of grant
Paul McDonald	04.06.19	£3.515	15,198	–	–	15,198	£53,420.97	Third anniversary of the date of grant

The deferred share awards reflect deferral of one-third of the previous year's annual bonus and are therefore not subject to further pre-vest performance conditions.

Performance targets for outstanding LTIP awards

The performance conditions for each of the LTIP awards made on 7 August 2017, 20 August 2018 and 02 August 2019 (and the award due to be made in 2020) are as follows:

(a) 50% of the relevant award shares will vest based on the Company's relative TSR performance against the FTSE 350 retailers (being both the FTSE General Retailers Sector and the FTSE Food and Drug Retailers Index constituents) over the three year period commencing from the beginning of the financial year in which the relevant award was granted (the "Performance Period") as derived by comparing the one month prior to the start and end of the relevant Performance Period. The amount due to vest is determined at the end of the performance period although awards only vest at the end of the subsequent holding period. This determination occurs on achievement (as a threshold level) of a median relative TSR performance ranking being attained at the end of the relevant Performance Period, with 25% of that portion of the relevant award shares then becoming exercisable. On attaining an upper quartile relative TSR performance ranking at the end of the relevant Performance Period, 100% of that portion of the relevant award shares would become exercisable at the expiry of the relevant holding period explained below, with a straight-line proportion vesting between median and upper quartile ranking being achieved; and

(b) 50% of the relevant award shares will vest based on growth in adjusted EPS of the Company over the Performance Period. The amount due to vest is determined at the end of the performance period although awards only vest at the end of the subsequent holding period. This determination occurs on achievement of the following EPS ranges (with straight-line interpolation between those targets):

	Financial year assessed	Threshold (25% of that part vesting)	Stretch (100% of that part vesting)
August 2017 award	2019/20	19p	24p
August 2018 award	2020/21	23p	28p
August 2019 award	2021/22	27p	33p

All of these targets have been set before considering the impact of IFRS16 and the targets will be assessed on this basis. Our practice is to make the grants in August each year and the Committee will consider the appropriateness of the targets (and grant levels) prior to the actual grant.

Consistent with best practice guidelines, the Committee has discretion to adjust these targets if, in its view, the reported out-turn is unduly impacted by share buy-backs (or equivalent unanticipated transactions) to ensure that participants do not receive an unintended benefit from such transactions.

All of the above awards have a holding period expiring on the fifth anniversary of the date of the grant of the relevant award as will the proposed 2020 awards.

For grants from 2018 onwards, consistent with market practice, the awards may benefit from the value of dividends paid over the period from grant to vesting.

Payments to past Directors and loss of office payments – audited

There were no payments to past Directors or for loss of office in the year ended 28 March 2020.

Directors' shareholding and share interests – audited

Under the remuneration policy, the shareholding guideline for Executive Directors is for a shareholding to be built up and maintained by them of 200% of base salary. Where an Executive Director does not meet the shareholding guideline, they are expected to retain all shares which vest under the LTIP (or any other share plans in the future) after allowing for tax. They will be required to retain shares following their departure from the Group through the retention of LTIP awards subject to any holding period and, depending on the circumstances of departure, any deferred bonuses or other LTIP awards.

The Committee reviews share ownership levels annually. The shareholding guideline requirement is exceeded by the CEO in relation to the interests as referred to in the table below. The CFO was not a shareholder in the Group prior to or on the IPO of the Company in June 2014. The CFO has had one LTIP award which vested that has been exercised. He has retained those shares (except for those allowing for tax on the whole award) toward the guideline requirement. The 2015, 2016 and 2017 grants have met the performance conditions but are subject to holding periods and therefore are included in the table below as vested but unexercised. In relation to those awards and deferred shares (net of tax) he has now met an equivalent of over one times salary. The CFO also has unvested LTIP awards granted on 20 August 2018 and 02 August 2019 which, subject to performance conditions being achieved during the course of 2020/21 and following years, will in that event then count toward the guideline requirement on a net of tax basis.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons or related parties where relevant) as at the financial year ended 2019/20 (or the date of their retirement from the Board if earlier).

Director	Shares held beneficially[1]	Unvested options with performance conditions[2]	Unvested options not subject to performance	Vested but unexercised awards
Peter Bamford	5,000	–	–	–
Simon Arora	149,880,828	666,834	41,314	–
Paul McDonald	39,171	294,276	219,062	–
Ron McMillan	37,037	–	–	–
Tiffany Hall	3,050	–	–	–
Carolyn Bradley	12,192	–	–	–
Gilles Petit (appointed to the Board 02 May 2019)	2,440	–	–	–
Kathleen Guion (retired from the Board 01 January 2020)	11,111	–	–	–
Thomas Hübner (retired from the Board 01 May 2019)	–	–	–	–

1 Includes any shares held by connected persons or related parties.
2 Nil cost options.

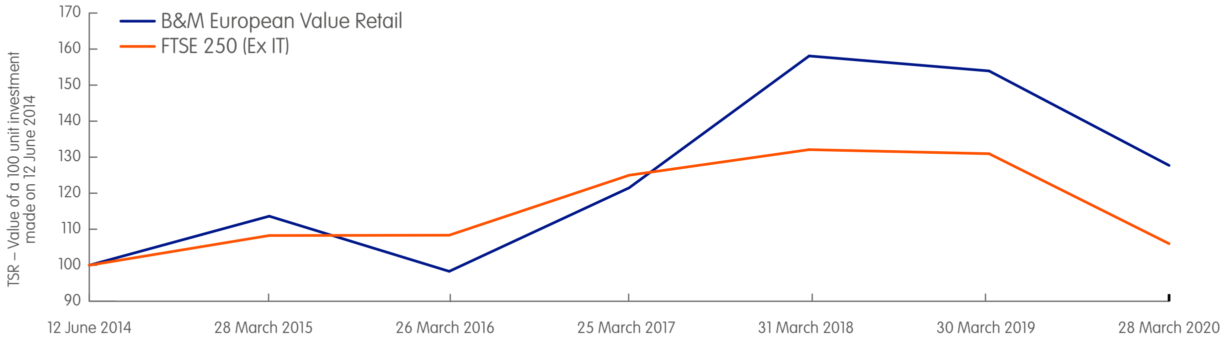
There have been no changes in the Directors' interests in shares in the Company between the end of the 2019/20 financial year and the date of this report.

Performance graph and pay table

The chart below illustrates the Company's Total Shareholder Return ("TSR") performance against the performance of the FTSE 250 Index (excluding investment trusts) of which the Company is a constituent, from 12 June 2014 (the date on which the Company's shares were first conditionally traded).

Total Shareholder Return (Rebased)

Source: Datastream (Thomson Reuters)



This graph shows the value by 28 March 2020 of £100 invested in B&M from 12 June 2014 (the date on which the Company's shares were first conditionally traded) compared with the value of £100 invested in the FTSE 250 Index (excluding investment trusts).

Remuneration of the CEO

The table below shows the remuneration of the CEO for each of the last six financial years.

	Single Figure	Bonus as a % of max	LTIP as a % of max
2014/15	£166,606	N/A	N/A
2015/16	£601,638	0%	N/A
2016/17	£1,403,731	76.77%	N/A
2017/18	£1,376,482	68.58%	N/A
2018/19	£1,204,983	46.01%	N/A
2019/20	£1,213,194	42.6%	N/A

Change in remuneration of the Chief Executive

The table below shows the percentage changes in the CEO's remuneration between the financial years ended 30 March 2019 and 28 March 2020 compared to the amounts for UK full time employees of the Group for each of the following elements of pay:

	Salary increase/ (decrease)	Annual bonus increase/ (decrease)	Taxable benefits increase/ (decrease)
CEO	2.0%	-5.6%	65.2%
UK full time employees (average)[1]	0.9%	-26.2%	41.0%

1 This includes salaried UK employees. The UK regulations do not provide for the UK full time employee averages to be calculated on a matched sample basis. On a matched sample basis the annual increase in salary was at least 2%. The reported figure is depressed because of the impact of joiners and leavers.

Change in Remuneration of the Directors

Luxembourg law imposes an obligation relating to the reporting of changes in total remuneration of the Company's employees (but not its subsidiaries), the total shareholder return ("TSR") and total remuneration of each of the individual directors of the Company. As the law only refers to the Company's employees and not those in other companies in the Group, consequently the changes reported for employees are restricted to a nominal number of staff, being just 4 in 2019/20, when compared with a total workforce in the UK and French subsidiaries of the Group overall of more than 34,000 staff in total.

The relevant percentage changes, as determined under the provisions of the Luxembourg remuneration reporting law, are as follows:

	Percentage change in total remuneration in the year stated compared with the prior financial year[1]				
	FY16	FY17	FY18	FY19	FY20
Company only (excluding all of the other Group subsidiaries in the UK and France) full-time employees (average)	6.04%	9.42%	26.90%	15.49%	-16.38%[2]
Total Shareholder Return (year-on-year)	-14.0%	19.0%	33.0%	-2.6%	-20.3%
3-year Total Shareholder Return ranking[3]	11th out of 17	7th out of 17	4th out of 17	4th out of 17	9th out of 17
Executive Directors:					
Simon Arora (CEO)	261.11%[4]	133.32%[4]	-1.94%	-12.55%	0.68%
Paul McDonald (CFO)	-25.28%	135.24%[5]	8.87%	-3.26%	-20.85%
Non-Executive Directors:					
Peter Bamford	n/a	n/a	n/a	nil	11.66%[6]
Ron McMillan	nil	nil	6.06%	nil	21.65%[7]
Tiffany Hall	n/a	n/a	n/a	n/a	5.17%[8]
Carolyn Bradley	n/a	n/a	n/a	n/a	nil
Gilles Petit	n/a	n/a	n/a	n/a	n/a
Kathleen Guion	nil	nil	6.06%	nil	nil
Thomas Hübner	nil	nil	4.20%	nil	nil

1 The pay of each director has been calculated using the single figure totals. The average pay of staff is calculated on a full-time equivalent basis for each year (excluding overtime hours) and compares the average for each year with that for the prior year. Joining and departing employees and directors have been grossed-up to a 12-month equivalent.
2. Excluding leavers and joiners, base salaries of the employees increased in the year on average by 3.40%.
3. The Annual TSR ranking is based on (i) a spot measurement and (ii) compared with the current TSR comparator group (FTSE 350 retail sector and food retailers and wholesalers subsector as at the beginning of the financial year 2020), namely Dixons Carphone, Dunelm, Frasers, Greggs, Howden Joinery, Inchcape, JD Sports Fashion, Kingfisher, Marks & Spencer, Morrison, Next, Ocado, Pets At Home, Sainsbury J, Tesco, WH Smith and for 2020 only Vivo Energy. The TSR from IPO in June 2014 to March 2016 and March 2017 has been used as a proxy for the 3-year TSR shown for 2016 and 2017 respectively (i.e. not a full three years). Three-year TSR is based on those companies (other than Vivo Energy as three-year data is not available for that company).
4. This principally reflects the increase in base salary and annual bonus package awards from 2015/16 and 2016/17 respectively, from the pre-IPO levels to median market level.
5. This principally reflects the increase in base salary and annual bonus package awards from 2016/17 from the pre-IPO levels to median market level.
6. The increase in the year represents approximately two years' worth of reimbursement, since his original appointment on 1 March 2018, of an additional social security fund levy payable on his base fees in Luxembourg (grossed-up) for which credit cannot be claimed against UK income tax.
7. The increase represents the director being appointed on 2 May 2019 as the Senior Independent Director ("SID") and receiving the SID supplement to his base fees from that date.
8. The increase represents the director being appointed on 2 January 2020 as the Chair of the Remuneration Committee and receiving the Committee Chair supplement to her base fees from that date.

Relative importance of the spend on pay

The table below shows the movement in spend on pay for all employees compared with distributions to shareholders for the financial years ended 30 March 2019 and 28 March 2020.

£'000	2018/19	2019/20	% change
Total pay for employees	373,955	421,644	12.8%
Distributions to shareholders[1]	75,042	76,042	1.3%

1. There have not been any buy-backs of shares so this element has been excluded from the table above.

CEO Pay ratio

In line with new UK reporting requirements which the Company has adopted on a voluntary basis (as noted on page 63 above), set out below are ratios which compare the total remuneration of the CEO (as included in the single total figure of remuneration table on page 65) to the remuneration of the 25th, 50th and 75th percentile of the Group's UK employees. The disclosure will build up over time to cover a rolling 10-year period.

Year	Method	25th percentile pay ratio	50th percentile (median) pay ratio	75th percentile pay ratio
2019/20	Option A	72:1	72:1	69:1

We have used Option A as this is the preferred approach of most institutional shareholders.

The base salary and total remuneration received during the financial year by the indicative employees on a full-time equivalent basis used in the above analysis are set out below:

	25th percentile	50th percentile (median)	75th percentile
Base salary	16,595	16,650	17,258
Total remuneration	16,950	16,962	17,589

The ratios disclosed above are affected by the following factors of our UK workforce of 33,913. Over 98% work in our retail stores and warehouses where, in line with the retail sector more generally, rates of pay will not be as high as management grades and those employees based at our head offices in more technical roles. The three employees used in the calculations are warehouse and retail sales colleagues and consequently the ratios for each are not significantly different. It should be noted that the CEO did not receive LTIP awards before August 2018 so next year's ratio will potentially be higher as it could include an LTIP vesting.

Service contracts and payments for loss of office

The service contract for the CEO is terminable by either the Company or the CEO on 12 months' notice and the service contract for the CFO by either party on 6 months' notice. Each of their service contracts allow for early termination with payment in lieu of notice. There are no enhanced provisions on a change of control under the Executive Directors' service contracts. The service contracts of the Executive Directors are available for inspection at the registered office of the Company. The service contracts are dated 29 May 2014 in relation to the CEO and 2 July 2015 in relation to the CFO.

Malus and Clawback

The Annual Incentive Plan and LTIP rules include provision for clawback (and malus during any holding period under the LTIP) within a three year period following payment or vesting if the Committee concludes that there has been material misstatement of financial results, or there are circumstances which would have warranted summary dismissal of the participant, or there are circumstances having an impact on the reputation of the Company or the Group which justify clawback being operated, or where the Committee discovers information from which it concludes that a bonus or award was paid or vested to a greater extent than it should have been.

In addition, all variable pay plans include discretion to reduce the indicative formulaic out-turn in appropriate cases.

External appointments

Subject to Board approval, Executive Directors are permitted to take on Non-Executive positions with other companies and to retain their fees in respect of such positions. Simon Arora is a Non-Executive Director of Anglesource Limited. No fees were received by him for that external appointment during the year ended 28 March 2020.

Chairman and Non-Executive Directors

The rates of the fees for the Chairman and Non-Executive Directors were the same in 2019/20 as those set in the 2018/19 financial year.

The rates are in line with the median range compared with FTSE 350 companies generally, but without any premium for the extra time commitment of staying and travelling to Board and Committee meetings which are all held outside the UK. The structure of the fees remains the same as they were set by the Board at the time of the IPO, which take account of Chairmanships of Board Committees and the role of the Senior Independent Director.

All fees are subject to the aggregate fee cap for Directors in the Articles of Association of the Company, which is currently at £1,000,000 per annum.

The Committee has responsibility for determining fees paid to the Chairman of the Board.

Details of the fees which were paid to Non-Executive Directors in 2019/20 and for the prior year are set out in the table on page 67 above.

The Chairman and the Non-Executive Directors are entitled to reimbursement of all expenses reasonably incurred by them in the performance of their duties. The Chairman and the Non-Executive Directors do not participate in any bonus or share plans of the Company.

All the Non-Executive Directors of the Company have letters of appointment with the Company for three years subject to three months' notice of termination by either side at any time and subject to annual re-appointment as a Director by the shareholders. The appointment letters provide that no other compensation is payable on termination. The appointment letter of Ron McMillan is dated 24 May 2017. Each of Tiffany Hall and Carolyn Bradley's appointment letters are dated 30 July 2018 and Gilles Petit's is dated 17 April 2019. The Chairman's appointment letter is dated 13 November 2017.

Insurance

All of the members of the Board have the benefit of Directors' and Officers' liability insurance which gives them cover for legal action which may arise against them personally except in relation to any fraud or dishonesty.

Remuneration Committee

The members of the Committee during the year were the following independent Non-Executive Directors being, Tiffany Hall (Committee Chair) Kathleen Guion (retired 01 January 2020), Ron McMillan, and Carolyn Bradley (appointed 16 January 2020).

The responsibilities of the Committee are set out in the Corporate Governance section of the Annual Report on page 50.

The Committee is assisted by Paul Owen as General Counsel of the Group, who is invited to attend Committee meetings. The Committee invites Peter Bamford as the Chairman of the Board and Simon Arora as the CEO, as and when the Committee considers it appropriate, to attend meetings and assist the Committee in its deliberations. No person is present during any deliberations relating to their own remuneration or is involved in determining their own remuneration.

The attendance of members of the Committee at meetings of it was as follows:

Director	Role	Meetings attended
Tiffany Hall	Committee Chair	4 out of 4
Ron McMillan	Committee Member	4 out of 4
Carolyn Bradley[1]	Committee Member	1 out of 1
Kathleen Guion[2]	Former Committee Chair until 01.01.20	3 out of 3

1 Carolyn Bradley was appointed as a member of the Committee on 17 January 2020. She had a 100% attendance record since her appointment as a member of the Committee in FY2019/20.

2 Kathleen Guion retired as a Director and as the Chair of the Committee on 01 January 2020. She had a 100% attendance record during her period as a member of the Committee in FY2019/20.

The effectiveness of the Committee during the year was evaluated as part of a broader externally facilitated board effectiveness review, details of which are set out on page 55. The overall conclusion of the review was that the Committee overall was highly effective in discharging its functions and reporting to the Board.

Shareholder voting

The resolutions to approve the Directors' remuneration policy at the 2018 AGM and the remuneration report at the 2019 AGM were passed as follows:

Resolution	Votes for	% for	Votes against	% against	Total votes cast	% of shares on register	Votes withheld
To approve the remuneration policy (2018)	766,109,391	98.88	8,714,552	1.12	774,823,943	77.44	0
To approve the remuneration report (2019)	753,060,803	99.95	383,856	0.05	753,444,659	75.30	1,154,570

Advisors to the Committee

FIT Remuneration Consultants LLP ("FIT") has been appointed as remuneration consultants by the Committee. FIT are retained to provide advice on remuneration for the Executive Directors and some other members of the senior management. FIT does not provide any other services to the Group. FIT were appointed by the Committee after appropriate consideration of their experience in this sector.

FIT are a member of the Remuneration Consultants Group and subscribe to its Code of Conduct which requires that its advice must be objective and impartial. For the financial year 2019/20 FIT's total fees were £46,050.11 excluding vat and expenses.

This report has been approved by the Board of Directors of the Company and signed on behalf of the Board by:

Tiffany Hall
Chair of the Remuneration Committee
10 June 2020

Policy table (from the Directors' Remuneration Policy approved by shareholders at the AGM in 2018)

The table below describes the elements of remuneration paid to the Executive Directors:

Element and purpose	Policy and opportunity	Operation and performance conditions
Base salary This is the basic pay and reflects the individual's role, responsibility and contribution to the Group.	Base salaries are reviewed annually. Changes typically take effect from the beginning of the relevant financial year. On reviews, consideration is given by the Committee to a range of factors including the Group's overall performance, market conditions and individual performance of executives and the level of salary increase given to employees across the Group. Base salaries are benchmarked against companies with a comparable market capitalisation, with base salaries generally being set then by the Committee against a median or lower level. Similarly, in practice the Committee will typically discount the data to recognise that the cost of living in the North West is lower than in some other parts of the UK. Given the requirement under UK regulations for a formal cap, the Committee has limited the maximum salary it may award to £750,000 increasing in line with UK RPI from the date of the 2018 AGM. In practice though the Committee would normally expect to keep it below this level.	Base salary is typically paid 4 weekly in cash. Base salaries are reviewed annually with changes usually taking effect from 1 April. Salaries will increase by 5% from 1 April 2018 and it is envisaged that subsequent increases during the currency of this policy will not normally exceed the average increase awarded to other salaried staff.
Benefits To provide benefits which are valued by the individual and assist them in carrying out their duties.	Provide market competitive benefits. The Group may periodically review benefits available to employees. Executives will generally be eligible to receive those benefits on similar terms to other senior employees. The cost of benefits paid to an Executive in any one year are capped at £75,000, but this may be exceeded in exceptional circumstances if the cost of a benefit were to increase significantly. In addition, where the Committee considers it appropriate to do so, additional relocation expenses for a limited period and/or tax equalisation payments may be paid.	Executives are entitled to a car allowance or a company car, car insurance and other running costs and fuel for business use, death in service life assurance, permanent disability and critical illness insurance and any other Group wide benefits including a 10% B&M stores discount card. Business travel and associated hospitality are provided in the normal course of business and authorised by the Committee on a standing basis.
Pension To provide an appropriate level of contribution to retirement planning.	Provide a market competitive pension contribution (or equivalent cash allowance) of a total maximum value up to 20% of base salary for the current CEO and 15% (or equivalent cash allowance) for other Executive Directors (including any new CEO).	Executives may take pension benefits as contributions to defined contribution personal pension plans, or elect to receive cash in lieu of all or part of that benefit (this is not taken into account as salary for calculating bonus, LTIP or other benefit awards). If the individual elects to receive any part of their pension contribution benefit as a cash allowance instead, employers' NICs are deducted from that element.
Annual bonus To incentivise and reward individuals for the delivery of annual performance targets	The proposed annual bonus potential for the CEO is 150% of base salary and 125% of base salary for other Executive Directors. Their threshold bonus levels will be no more than 25% of their respective maxima, and, their target bonus levels 50% of their respective maxima. As the regulations require a formal cap for a three year period, future bonus potential will only increase where appropriate against market data and, in any event, will be subject to an overall maxima of 200% of salary for any Executive Director. Clawback provisions apply to the annual bonus plan. Bonuses are paid up to two-thirds in cash and at least one-third in shares with the share element normally contingent on employment for a further three years. Such deferred shares, will be credited on vesting with dividends paid during the vesting period.	The performance measures are reviewed annually by the Committee in line with the Company's strategy. The performance measures applied may be financial (with at least a 75% weighting on such measures) and/or operational and corporate, divisional and/or individual. Performance conditions once set will generally remain unaltered, but the Committee has the right in its absolute discretion to make adjustments during any performance period to reflect any events arising which were unforeseen when the performance conditions were originally set by the Committee.

Element and purpose	Policy and opportunity	Operation and performance conditions
Long-term incentives To incentivise the delivery of strategic objectives over the longer term, the Group operates the Long-Term Incentive Plan ("LTIP").	The policy is to make awards to Executive Directors of shares with a face value on grant of up to 200% of base salary each year under the LTIP. In practice, it is envisaged that the CEO may receive a grant of up to 200% and other Executive Directors up to 175%. For grants from 2018 onwards, the LTIP will permit participants to be credited, on the vesting of any awards, with dividends paid during the performance period and any holding period. Clawback and malus provisions apply to awards made under the LTIP from 29 March 2015 onward. LTIP awards may, subject to the discretion of the Committee, be made subject to holding periods during which the participant may not dispose of the shares for a period of time after they become exercisable.	Awards may be made annually of nil cost options based on performance conditions. The Committee may set three year performance conditions based on financial and/or operational and corporate, divisional and/or individual criteria as it considers appropriate. Performance conditions once set will generally remain unaltered, but the Committee has the right in its absolute discretion to make adjustments during any performance period in case of any events arising which were unforeseen when the performance conditions were originally set by the Committee. No more than 25% of an award can be earned for threshold performance. Where a holding period is imposed in the discretion of the Committee in relation to any LTIP award, the default position (unless the Committee determines otherwise) is for the holding period to expire on the fifth anniversary of the date of grant of the relevant award.
Shareholding guidelines To encourage share ownership and create alignment of interests of Executive Directors and shareholders.	Executive Directors are expected to retain all shares which vest under the LTIP (or any other plans which may be adopted in the future) on a net of tax basis until they hold shares of a specified value. Shares subject to these guidelines and any unvested share awards may not be hedged or used as security for loans.	The required level of shareholding is 200% of the base salary of the relevant executive. Executive Directors are expected to maintain their minimum shareholding levels once they have obtained those shareholding levels. The Committee will review shareholdings annually against the policy and as share awards mature. The Committee reserves the right to alter the shareholding guidelines during the period of the policy but without making the guidelines any less onerous overall.
All-employee share plans To encourage share ownership by employees and participate in the long-term success of the Group, the Group operates an all-employee share incentive plan for B&M UK employees which was adopted prior to Admission.	Executive Directors can participate in the all-employee share incentive plan ("SIP") on the same terms as other employees of B&M in the UK.	Under the rules of the SIP employees can purchase a maximum of £1,800 worth of shares per annum from their pre-tax and pre-national insurance salary through a UK resident SIP Trust. The rules also permit an award of free shares worth up to £3,600 per year and for purchased shares to be matched on up to a 2:1 basis although these elements have not been operated to date.

Corporate Governance

Directors' report and business review

The Directors present their report (the "Management Report") under Luxembourg Law and DTR4.1.5R, together with the consolidated financial statements and annual accounts of the Group and of the Company as at 28 and 31 March 2020 respectively for the accounting periods then ended.

As permitted under Luxembourg Law, the Directors have elected to prepare a single Management Report covering both the Group and the Company. The Strategic Report, Corporate Governance Report and Directors' Remuneration Report on pages 1 to 45, 46 to 61 and 62 to 72 respectively form part of this report and are incorporated into this Directors' report by reference. Also, the following information in particular within those reports can be found as follows:

- future developments in the business – pages 13 to 15;
- workforce engagement – pages 35, 42 and 43;
- viability statement – page 32;
- energy and carbon reporting – page 41;
- directors' service contracts and appointment letters – pages 71 to 72;
- directors' share interests – page 69;
- conflicts of interest – page 53;
- Section 172 statement and stakeholders – pages 42 to 45.

Company status

B&M European Value Retail S.A. (the "Company") is the holding company of the Group. It was incorporated on 19 May 2014 as a public limited liability company (Société Anonyme) under the laws of the Grand-Duchy of Luxembourg and it is domiciled in Luxembourg. The Company has a premium listing on the London Stock Exchange.

Branches

The Group had no registered external branches during the reporting period.

Principal activity

The principal activity of the Group is variety retailing in the UK and France. The Company has a corporate office in Luxembourg.

Business review

This report together with the Strategic Report on pages 1 to 45, sets out the review of the Group's business during the financial year ended 28 March 2020, including factors likely to affect the future development and performance of the business and a description of the principal risks and uncertainties the Group faces, and the Strategic Report is incorporated by reference in this report.

Results and dividend

The Group's profit after tax for the financial year ended 28 March 2020 of GBP £80.9m is reported in the consolidated statement of comprehensive income on page 86.

The Board is recommending a final dividend of 5.4p per ordinary share, which together with the interim dividend of 2.7p per ordinary share paid in December 2019 (but not including the special dividend of 15.0p per share paid in April 2020) is a total ordinary dividend for the year of 8.1p which reflects the upper end of the dividend policy of paying 30-40% of normalised post-IPO earnings[1].

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

Post balance sheet events

There have been no post balance sheet events that either require adjustment to the financial statements or are important in the understanding of the Group's current position.

Corporate social responsibility

Our CSR activity is set out in the Corporate Social Responsibility Report on pages 33 to 41.

Employee engagement and involvement

The Group is committed to employee involvement, consultation and participation. At key points throughout the year colleagues are kept informed about the performance and strategy of the Group through internal business update meetings, company newsletters and notice boards and CEO email bulletins. These include the financial and economic performance of the Group. Further details of workforce engagement, feedback and actions during the year are also set out on pages 35, 42 and 43 above, which is incorporated in this report by reference.

B&M has a share incentive plan which is open to all B&M UK employees after 12 months service. Certain employees in the Group are also eligible to participate in other share incentive schemes of the Company.

Equal opportunities

The Group is an equal opportunity employer. It is the Group's policy not to discriminate on the basis of gender, race, colour, religion, disability or sexual orientation, in its recruitment, training and promotion programmes.

Disabled persons

The Group seeks to ensure that disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of job vacancies that they are able to fulfil. They are not discriminated against on the grounds of their disability and are given full and fair consideration of applications, continuing training while employed and are given equal opportunity for career development and promotion. Where an existing colleague suffers a disability it is our policy to retain them in the workforce where that is practicable.

Directors

The Directors of the Company as at 31 March 2020 and their interests in shares and share awards made to them under share incentive schemes in the Company are shown on pages 67 to 69. There have been no changes to the Board of the Company between 31 March 2020 and the date of this report.

In accordance with the Articles of Association of the Company, all the Directors will retire at the Annual General Meeting ("AGM") on 18 September 2020. All the retiring Directors, being eligible, will stand for re-election as Directors at that meeting.

Directors' indemnities

The Company's Articles of Association permit the Company to indemnify its Directors in certain circumstances, as well as to provide insurance for the benefit of its Directors. The Company has Director's and Officer's insurance in place in respect of all the Directors. The insurance does not provide cover where a Director has acted fraudulently or dishonestly.

Political donations

No political donations were made in the financial year.

Financial instruments

Details of the Group's objectives and policies on financial risk management, and of the financial instruments currently in use, are set out in note 29 to the consolidated financial accounts on pages 132 to 134 which forms parts of this report.

Directors' report and business review continued

Share capital

The Company's share capital and changes to it in the financial year, are set out on page 78 below and in note 26 to the consolidated financial statements on page 130 which forms part of this report.

In common with other Luxembourg registered companies, the Directors have authority to allot ordinary shares in the Company and to disapply pre-emption rights under certain limits and conditions as permitted under the Articles of Association of the Company. The Directors intend to comply with the Pre-Emption Group's Statement of Principles, in relation to any issue of shares of the Company to the extent practical as a Luxembourg registered company.

The Board intends to seek an authorisation of shareholders at the AGM on 18 September 2020 that the Company, purchase, acquire or receive B&M European Value Retail S.A.'s own shares. This resolution will usually be requested at each AGM. No shares of the Company have been repurchased and no contract to repurchase shares has been entered into at any time since the incorporation of the Company.

Each ordinary share entitles the holder to vote at general meetings of the Company in person or by proxy. Unless otherwise provided by Luxembourg Company Law or the Articles, all decisions by an annual or ordinary shareholders' meeting are taken by a simple majority of votes cast regardless of the proportion of capital represented by shareholders in attendance at the meeting. The notice of the AGM specifies deadlines for exercising voting rights and appointing a proxy to vote.

Holders of ordinary shares may receive a dividend and on liquidation may share in the assets of the Company.

Subject to meeting certain thresholds, holders of ordinary shares may requisition a general meeting of the Company or the proposal of resolutions at general meetings. The rights (including full details relating to voting), obligations and any restrictions on transfers relating to the Company's ordinary shares, as well as the powers of the Directors, are set out in the Articles of Association.

The Company is not aware of any agreements between shareholders that restrict the transfer of shares or voting rights attached to the shares.

Employee share ownership trust

The Company established the B&M European Value Retail S.A. Employee Share Ownership Trust with Link Trustees (Jersey) Limited (formerly Capita Trustees Limited) as the trustee in Jersey on 14 October 2014 (the "ESOT") to facilitate the holding of shares in the Company by employees and Executive Directors. The trustee of the trust has waived its right to receive dividends on the Company's shares which it holds from time to time. Where the Company directs at any time that the trustee may vote in relation to any unallocated shares held by it, the trustee has power in its absolute discretion to vote or not to vote in such manner it thinks fit. During the year under review no shares were used from the ESOT to satisfy vested awards made under a share scheme of the Company. As at 31 March 2020 and since that date up to the date of this report, the ESOT did not hold any shares in the Company.

Shareholders

As at 10 June 2020, the following shareholders have notified the Company of their interest in 5% or more of the Company's issued ordinary shares (including interests in shares held through financial instruments):

Shareholder	No of ordinary shares	% share Capital
SSA Investments S.à.r.l.*	149,880,828	14.98
FMR LLC	50,619,120	5.05
Maverick Capital Ltd	50,209,084	5.02

* Includes 8,055,494 shares held by Praxis Nominees Limited on its account.

Amendment to the Articles of Association

The Articles of Association of the Company may only be amended at an extraordinary general meeting of shareholders where at least one half of the issued share capital is represented (or if that condition is not satisfied at a second meeting regardless of the proportion of the issued share capital represented at that meeting) and when adopted by a resolution passed by at least two-thirds of the votes cast.

Change of control

The Company has a senior facilities agreement (the "SFA") in relation to a £300m term loan (which has been drawn in full) and a £150m revolving credit facility. The Group also has an acquisition loan facility (the "ALF") of €100m (of which €93m has been drawn down). The SFA and the ALF provide that on a change of control of the Company, each lender has the right to require early repayment of their loans and to cancel all their commitments under the SFA and the ALF on not less than 10 Business Days' notice to the Company.

The Company has £250m 4.125% senior secured notes due 2022, of which all £250m remain outstanding. On a change of control of the Company, each bondholder has the option to require the Company to repurchase all or part of the notes of such holder at a purchase price of 101% of the principal amount plus accrued interest up to the date of repurchase.

The Group's credit and loan facilities with its banks and fleet finance agreements for HGV's contain customary cancellation and repayment provisions upon a change of control.

Employee share incentive schemes also have customary change of control provisions triggering vesting and exercise on performance conditions being met or (in the discretion of the Company) being waived.

Annual General Meeting

Notices convening the Company's sixth Annual General Meeting ("AGM") to be held on 18 September 2020, will be issued to shareholders. In addition to the ordinary business of the AGM, the Directors are seeking certain other approvals and authorities, details of which are set out in the notice of the AGM.

Corporate governance

The compliance by the Company with the UK Corporate Governance Code and the requirements of article 68ter of the Luxembourg Law on the Trade and Companies Register and Annual Accounts of companies of 19 December 2002, as subsequently amended, are set out in the Principal Risks and Uncertainties on pages 24 to 31, the Corporate Governance report on pages 46 to 61 and the Directors' Remuneration Report on pages 62 to 72, each of which form part of this report.

The Statement of Directors' Responsibilities in relation to the consolidated financial statements and annual accounts of the Group and the unconsolidated financial statements and annual accounts of the Company appears on page 80, which forms part of this report.

Independent auditor

KPMG Luxembourg, Société Cooperative is the independent auditor ("réviseur d'entreprises agréé") of the Company. Their reappointment as the Company's auditor, together with the authority for the Directors to fix the auditor's remuneration, will be proposed at the AGM on 18 September 2020 as set out in the notice.

Information on forward-looking statements

The Annual Report and financial statements include forward-looking statements that reflect the Company's or, as appropriate, the Directors' current views with respect to, among other things the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, the financial condition, prospects, growth, strategies and dividend policy of the Company and the industry in which it operates. Statements that include the words "expects", "intends", "plans", "believes", "projects", "forecasts", "predicts", "assumes", "anticipates", "will", "targets", "aims", "may", "should", "shall", "would", "could", "continue", "risk" and similar statements of a future or forward-looking nature can be used to identify forward-looking statements.

All forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Undue reliance should not be placed on such forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Group's control.

Independence compliance statement

Simon Arora, Bobby Arora, Robin Arora and SSA Investments S.à.r.l. ("SSA Holdco") (the "Arora Family") entered into a relationship agreement with the Company at the time of and with effect from the admission of the Company to trading on the London Stock Exchange in June 2014 ("Admission") and which continues to remain in force, which regulates the ongoing relationship between the Company and the Arora Family, following Admission (the "Relationship Agreement").

The principal purpose of the Relationship Agreement is to ensure that the Company and its subsidiaries are capable of carrying on their business independently of the Arora Family (and their associates), and that transactions and relationships between the Group and the Arora Family (and their associates) are at arm's length and on normal commercial terms.

For the purpose of this section of the Annual Report, the terms "controlling shareholder(s)" and "associate(s)" have the same meanings as in the UK Listing Rules.

The Relationship Agreement contains undertakings that the Arora Family and together with their associates, will:

a. conduct all transactions and relationships with the Company at arm's length and on normal commercial terms;
b. not take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
c. not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules,

(together the "Independence Provisions").

The Relationship Agreement will continue for so long as the Arora Family together with their associates hold 5% or more of the issued ordinary shares of the Company.

In the financial year 2019/20, 2 leases of new stores were entered into by the Group in the UK with Arora Family related parties including their associates as landlords of those new stores, representing 3.9% of the total number of 51 gross B&M new store openings of the Group in the UK in that period.

The total number of leases of UK stores and rents of the Group with Arora Family related parties as at the end of the period under review were 67 store leases, representing 10.2% of a total number of 656 UK B&M stores of the Group with all landlords, and 12.4% of the overall rent roll of all UK B&M stores as at the year end.

In the financial year under review, blocks of 26.1 hours of flights for business travel by executives and colleagues were purchased by the Group from the third party operator of the private jet owned by Arora family interests, and 4.1 unused hours had also been carried forward from the financial year 2018/19. Out of that total of 30.2 hours, 19.4 hours were used in the year, leaving a balance of 10.8 unused hours which have been carried forward to the 2020/21 financial year.

A summary of the corporate governance and Listing Rules processes and assessments undertaken by the Group and the Board together with reports of advisors and the opinion of the Sponsor, in relation to related party leases, is included on page 53 of the Corporate Governance Report.

Further details of related party transactions are included also in note 30 of the Financial Statements on pages 135 and 136.

The Board confirms that during the financial year 2019/20:

(i) the Company has complied with the Independence Provisions included in the Relationship Agreement;
(ii) so far as the Company is aware, the Independence Provisions included in the Relationship Agreement have been complied with by the controlling shareholder and its associates;
(iii) so far as the Company is aware, the procurement obligations in the Relationship Agreement have been complied with by the controlling shareholder and its associates;

and that the Company has acted independently of the Arora Family (and their associates).

The Board confirms that this statement is supported by each of the independent Directors of the Company and there have been no instances where any of them declined to support this statement.

Details of other related party transactions with associated companies of the Group are set out in note 30 to the consolidated financial accounts on pages 135 and 136 which forms part of this report.

Those transactions relate to the following matters:

(i) product sourcing and supplies to the Group from Multi-lines International Company Limited ("Multi-lines");
(ii) wholesale supplies of products by the Group to each of Home Focus Group Limited and Centz Retail Holdings Limited; and
(iii) lease rental payments made by Multi-lines for its office, product testing and showroom premises in Hong Kong with Arora Family related party landlords.

The Group disposed of its 80% shareholding interest in ("the Shares") J.A. Woll-Handels GmbH ("Jawoll") during the year under review to a private equity led purchaser consortium ("the Transaction"). One of the purchaser's consortium, STIWEC GmbH ("STIWEC"), was an existing shareholder of Jawoll and owned 13% of the shares of Jawoll. Another member of the purchaser's consortium, Jalogy Beteiligungs GmbH ("Jalogy"), was an investment company owned by Ralf Hartwich the Managing Director of Jawoll and its subsidiary Jawoll Vertriebs GmbH. Mr Hartwich was also an existing shareholder of Jawoll owning 7% of its issued shares. The Transaction came within the exemption in Listing Rule 11 Annex 1 Paragraph 9 for transactions to which the related party transaction rules do not apply, as it related to shares in an insignificant subsidiary undertaking of B&M's Group. The Transaction did however constitute a related party transaction under the Luxembourg Law of 24 May 2011 (as amended on 1 August 2019) and accordingly details of the related party transaction were included in the announcement made by the Company on 11 March 2020. The terms of the Transaction with the purchaser consortium, included the sale by the Group of 11% of the total issued shares in Jawoll to STIWEC and 8.45% of the total issued shares in Jawoll to Jalogy. The total consideration payable by the purchaser consortium to the Group for the sale transaction comprised €2,500,000 as a part repayment of an intra-group trading account balance of €5,600,000 owed by Jawoll to the Group with the remaining balance having been waived, €10,000,000 (which is payable on 31 December 2020 conditional on the on-going trading of Jawoll) being a part repayment of loans made by the Group to Jawoll of €42,980,000 (including interest) with the balance of those loans having been waived, and a nominal sum of €1,000 for the Shares. The overall consideration reflected the significant loss making position of Jawoll and its subsidiary. STIWEC and Jalogy had no other material relationships with B&M 's Group.

In accordance with Article 13.10 of the Articles of Association of the Company a report will be made at the 2020 AGM of transactions with the Company or its subsidiary undertakings in which any Directors may have had an interest, including each of the related party transactions with Directors (or in which they may have directly or indirectly had an interest) and all other related party transactions (including those with associated companies) entered into in the financial year 2019/20 referred to above and in note 30 of the Financial Statements on pages 135 and 136, together with any other such transactions entered into after the financial year end on 31 March 2020 up to the date of the AGM, similarly to all other previous AGM's of the Company.

Article 11 report

The following disclosures are made in accordance with Article 11 of the Luxembourg Law on Takeovers of 19 May 2006, as subsequently amended, and form part of this Directors' Report.

Section (a) – Share capital structure

B&M European Value Retail S.A. has issued one class of shares only, being ordinary shares which are admitted to trading on the London Stock Exchange. No other shares have been issued by B&M European Value Retail S.A. The issued share capital of B&M European Value Retail S.A. as of 31 March 2020 amounts to GBP £100,058,289.80 represented by 1,000,582,898 shares with a nominal value of GBP £0.10 each. B&M European Value Retail S.A. has a total unissued authorised share capital of GBP £297,163,932.40. All shares issued by B&M European Value Retail S.A. have equal rights as set out in the Articles of Association of the Company.

Section (b) – Transfer restrictions

As at the date of this report, all B&M European Value Retail S.A. shares are freely transferable subject to the conditions set out in Article 6.3 of the Articles of Association of the Company.

Section (c) – Major shareholdings

Details of shareholders holding more than 5% of the issued share capital of B&M European Value Retail S.A. notified to B&M European Value Retail S.A. in accordance with the Luxembourg law on transparency obligations of securities issuers dated 11 January 2008 as amended are set out on page 76.

Section (d) – Special control rights

All the issued and outstanding shares of B&M European Value Retail S.A. have equal voting rights and there are no special control rights attached to shares of B&M European Value Retail S.A., except that B&M European Value Retail S.A. can direct that shares held in the ESOT be applied by the trustee to satisfy the vesting of outstanding awards under its long-term incentive plan or any other employee share schemes established by the Group.

Section (e) – Control system on employee share scheme

B&M European Value Retail S.A. is not aware of any matters regarding section (e) of Article 11 of the Luxembourg Law on Takeovers of 19 May 2006, as subsequently amended, save where referred to in section (d) above.

Section (f) – Voting rights

Each share issued and outstanding in B&M European Value Retail S.A. represents one vote. The Articles of Association of the Company do not provide for any voting restrictions. In accordance with the Articles of Association shareholders may be represented and proxies shall be received by the Company at a certain time before the date of the relevant meeting. In accordance with the Articles of Association, the Board of Directors may determine such other conditions that must be fulfilled by shareholders in person or by proxy. Additional provisions may apply under Luxembourg Law. Luxembourg legislation requires shareholders to register their intention to vote at least 14 days before the date of the meeting (the "Record Date"). In accordance with Article 24.6.12 of the Articles of Association, the right of a shareholder to participate in a general meeting and to exercise the voting rights attached to its shares are determined by reference to the number of shares held by such shareholder at midnight on the Record Date. In accordance with article 28 of the Luxembourg law on transparency obligations of securities issuers dated 11 January 2008 as amended ("Luxembourg Transparency Law"), as long as the notice of crossing a major shareholding in the Company has not been notified to the Company in the manner prescribed, the exercise of the voting rights relating to those shares which exceed the threshold that should have been notified is suspended. The suspension of the voting rights is lifted when the shareholder makes the notification provided for in the Luxembourg Transparency Law.

Section (g) – Shareholders' agreements with transfer restrictions

B&M European Value Retail S.A. has no information about any agreements between shareholders which may result in restrictions on the transfer of securities or voting rights.

Section (h) – Appointment of Board members, amendment of Articles of Association

The appointment and replacement of Board members and the amendment of the Articles of Association of the Company are governed by Luxembourg Law and the Articles of Association (in particular Article 10 and Article 24.6). The Articles of Association are published under the Investors section on the Company's website at www.bandmretail.com.

The Articles of Association of the Company may only be amended at an extraordinary shareholders' meeting where at least one half of the issued share capital is represented (or if that condition is not satisfied at a second meeting regardless of the proportion of capital represented at that meeting) and when adopted by a resolution passed by at least two-thirds of the votes cast.

Section (i) – Powers of the Board of Directors

The Board of Directors is vested with the broadest powers to take any action necessary or useful to realise the purposes of the Company with the exception of the powers reserved to the general meeting of shareholders by the Luxembourg Law on Commercial Companies dated 10 August 1915, as subsequently amended, and by the Articles of Association.

In common with other Luxembourg public companies, the authority of the Board to issue ordinary shares on a non-preemptive basis is set out in the Articles of Association of the Company. The Articles of Association authorise the Directors to disapply pre-emption rights (a) for the issue for cash of shares representing up to a maximum of 5% (five per cent) of the issued ordinary share capital of the Company per year; (b) to deal with fractional entitlements on otherwise pre-emptive issues of shares; (c) in connection with employee share options, and, also (d) for the issue for cash of shares representing up to an additional 5% (five per cent) of the issued ordinary share capital per year which can be used only for the purposes of financing (or refinancing, if the authority is to be used within six (6) months of the original transaction) an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-emption Group of the Financial Reporting Council. The Board intends to follow the Statement of Principles to the extent practical as a Luxembourg company. The present five (5) year authority in Article 5.2 of the Articles of Association will expire on 29 July 2023.

The Board was authorised by the AGM of shareholders held on 26 July 2019, in the name and on behalf of the Company, to purchase, acquire or receive B&M European Value Retail S.A.'s own shares representing up to 10% (ten percent) of the issued share capital from time to time of B&M European Value Retail S.A. on such terms as the Board may decide in accordance with the law. No shares were purchased pursuant to this authority in the year under review or since then up to the date of this report.

The Board intends to seek a renewal of this authority for the Company to purchase its shares, at the AGM of the shareholders on 18 September 2020 This resolution will usually be requested at each AGM.

Section (j) – Significant agreements or essential business contracts

The Board of Directors is not aware of any significant agreements to which B&M European Value Retail S.A. is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid other than: (a) the Company has a senior facilities agreement (the "SFA") in relation to a £300m term loan (which has been drawn in full) and a £150m revolving credit facility. The Group also has an acquisition loan facility (the "ALF") of €100m (of which €93m has been drawn down). The SFA and the ALF provide that on a change of control of the Company, each lender has the right to require early repayment of their loans and to cancel all their commitments under the SFA and the ALF on not less than 10 Business Days' notice to the Company; (b) the Company has £250m 4.125% senior secured notes due 2022, of which all £250m remain outstanding. On a change of control of the Company, each bondholder has the option to require the Company to repurchase all or part of the notes of such holder at a purchase price of 101% of the principal amount plus accrued interest up to the date of repurchase; (c) the Group has credit and loan facilities with its banks and fleet finance agreements for HGV's, which contain customary cancellation and repayment provisions upon a change of control and (d) Employee share incentive schemes in relation to shares in the Company, have customary change of control provisions triggering vesting and exercise on performance conditions being met or (in the discretion of the Company) being waived.

Section (k) – Agreements with Directors and employees

No agreements exist between B&M European Value Retail S.A. and its Directors or employees which provide for compensation if Directors or employees resign or are made redundant without valid reason, or if their employment ceases because of a takeover bid other than as disclosed in the Directors' Remuneration Report on pages 71 and 72.

Approved by order of the Board.

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer

10 June 2020

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 Luxembourg 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

Independent Auditor's Report

To the Shareholders of B&M European Value Retail S.A. 9, allée Scheffer L-2520 Luxembourg

Report of the Réviseur d'Entreprises agréé

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of B&M European Value Retail S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 28 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the 52-week period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 28 March 2020, and of its consolidated financial performance and its consolidated cash flows for the 52-week period then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – comparative information

We draw attention to Note 1 to the consolidated financial statements, which describes that the Group has updated their accounting policy for leases in line with the adoption of IFRS 16 Leases and made retrospective adjustments to the comparative information in the accompanying consolidated financial statements. Consequently, the comparative information in the accompanying consolidated financial statements has been restated. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report continued

To the Shareholders of B&M European Value Retail S.A. 9, allée Scheffer L-2520 Luxembourg continued

Valuation of Inventory

Why the matter was considered to be one of the most significant in our audit of the consolidated financial statements of the current period	How the matter was addressed in our audit
The Group has significant levels of inventory due to its retail operations. As per the Consolidated Statement of Financial Position and note 19, the balance is £588 million at the period end. Per the Inventory accounting policy in Note 1, inventories are valued at the lower of cost or net realisable value. Changing consumer preferences, spending patterns and the seasonality of sales all impact the level of inventory held and the rate of inventory turnover. The risk that net realisable value may be lower than cost for some categories of inventory is increased in the current period due to COVID 19. This relates mainly to Babou whose stores have been closed since mid-March. Per the Financial Instruments policy in note 1, the Group adopts hedge accounting for a high proportion of its foreign currency inventory purchases. In order to apply hedge accounting it is necessary to demonstrate hedge effectiveness which requires, amongst other things, matching the hedging instrument to the hedged item and ensuring that the appropriate exchange rate is applied to each hedged item included in the inventory balance. We focused on the valuation of inventory because of the significant judgements and estimates required by management when assessing the level of the provision required in relation to the net realisable value inventory provision, and the risk of error inherent in the process of adjusting inventory to the appropriate hedged rate.	Our procedures over the existence of inventory included, but were not limited to: • Obtaining a detailed understanding and evaluating the design and implementation of key controls that the Group has surrounding inventory valuation by inquiries with the relevant process owners and performing a walkthrough of the process which includes observing the control and inspecting supporting evidence for the various controls; • Evaluating the appropriateness of management's judgements and assumptions applied in arriving at the value of inventory by: – Assessing the value of a sample of inventory lines to confirm whether it is measured at lower of cost or net realisable value, through comparison to sales receipts and latest purchase invoice; – On a sample basis of inventory lines, recalculating the weighted average cost to test whether the cost has been updated correctly based on the latest sale and purchase movement; – Understanding the inventory provisioning policy with specific consideration to net realisable value and slow-moving inventory by analysing the last sold date of inventory items and the last received date of inventory items in order to identify slow moving inventory lines and analysing the period-end stock value against total sales during the period on a line by line basis to assess whether there are any indicators that items may be overstocked and using this as a basis to consider the adequacy of the slow moving inventory provision; – Testing the accuracy of the net realisable value inventory provision by performing a recalculation of and testing a sample of the underlying inputs of the provision calculation to supporting documentation; – Evaluating the adequacy of the additional NRV provision established for Babou to cater for the increased risk presented by COVID-19 with reference to the seasonal categories most likely to be affected and a range of potential mark downs that might be necessary to sell through these items. – Inspecting and corroborating the Group's hedging strategy, and the documentation in place for derivatives, including assessing whether it is in accordance with IFRS9; – Assessed management's calculations to adjust the valuation of inventories based on hedged effectiveness in order to assess whether the valuation has been appropriately adjusted.

Fraud risk over Revenue recognition

Why the matter was considered to be one of the most significant in our audit of the consolidated financial statements of the current period	How the matter was addressed in our audit
The Group's Revenue amounts to £3.8 billion as per the Consolidated Statement of Comprehensive Income and note 3 and is mainly derived from the sale of goods to customers. Retail revenue is recognised at the initial point of sale of goods to customers. Although revenue recognition is considered to be relatively straightforward on a transactional level, the high volume of transactions makes it more susceptible to fraud. Revenue is a key performance indicator for the Group and is, therefore, subject to an inherent risk of manipulation by management to meet targets or expectations. This, together with the significance of the balance relative to other captions in the Consolidated Statement of Comprehensive Income, has led us to identify it as a key audit matter.	Our procedures to address the fraud risk over Revenue recognition included, but were not limited to: • Obtaining a detailed understanding and evaluating the design and implementation of key controls that the Group has surrounding Revenue recognition by inquiries with the relevant process owners and performing a walkthrough of the process which includes observing the control and inspecting supporting evidence for the various controls; • Reconciling cash and credit card receipts related to revenue from sales made in stores and investigating outliers identified in this process; • Assessing revenue trends throughout the period and investigating any unusual variances; • Analysing sales by store for the days pre- and post-period-end to assess whether sales were recorded in the correct period; • Analysing post period-end returns and credit notes to agree that sales have been recognised in the correct period and to determine if a returns' provision is required; • Journal entry testing focused on manual journal entries as well as entries with an unexpected contra-account.

Carrying value of Babou goodwill

Why the matter was considered to be one of the most significant in our audit of the consolidated financial statements of the current period	How the matter was addressed in our audit
The carrying value of Babou goodwill is £26.8 million as per note 15 and relates to the acquisition of Babou in the prior year. Per the Goodwill accounting policy in note 1, goodwill is initially measured at cost and is subsequently tested for impairment at each period end, or at any time where there is an indication that impairment may exist. Babou has not been trading since mid-March 2020 when the lock down was imposed in France due to COVID 19. There are uncertainties linked to how quickly trading will return to the levels experienced prior to the pandemic. Given there is inherent uncertainty involved in forecasting and discounting future cash flows which are the basis of the assessment of the recoverable amount of the cash generating unit, together with the circumstances created by Covid19, we have identified the carrying value of the goodwill as a key audit matter.	Our procedures over the carrying value of the Babou goodwill included, but were not limited to: • Obtaining the value in use model used for the impairment review and checking it for mathematical accuracy; • Assessing management's forecasting accuracy by comparing actual results for the period to those that had been forecast; • Assessing the reasonableness of future cashflow forecasts with reference to historic performance; • Challenging the assumptions applied in the value in use model, including the like for like sales increases, margin and discount rate; • Performing sensitivity testing over the key assumptions applied by management; • Engaging our Corporate Finance specialists to perform a review of the discount rate, with regard to market observable data of risk-free rates and cost of equity for comparable companies.

Independent Auditor's Report continued

To the Shareholders of B&M European Value Retail S.A. 9, allée Scheffer L-2520 Luxembourg continued

Adoption of IFRS 16 Leases

Why the matter was considered to be one of the most significant in our audit of the consolidated financial statements of the current period	How the matter was addressed in our audit
IFRS 16 is a new accounting standard applicable for the first time this period. Complex accounting requirements underlie the determination of quantitative amounts of the standard, and complex judgements are required in relation to aspects such as discount rates and leases in holdover. Additionally, the adoption of IFRS 16 has had a material impact on the consolidated financial statements. As can be seen on the Consolidated Statement of Financial position and note 18, £1.1 billion was recognised as Right of use assets and £1.3 billion as Lease liabilities. New processes, data and controls will be relied upon that have not been subject to testing previously. Two sale and leaseback transactions occurred in the second half of the period, accounting for these transactions in accordance with IFRS 16 is complex.	Our procedures over IFRS 16 included, but were not limited to: • Evaluating assumed lease terms with reference to contracts and legal rights, as well as our understanding of the facts and circumstances surrounding the shop's trade; • Comparing assumed lease terms with actual terms of leases which have expired or have been renewed during the period; • Corroborating the Group's credit risk assumption with reference to correspondence with bankers; • Benchmarking assumptions: comparing the discount rates to market information including gilts and corporate bonds; • Assessing the adequacy of the group's disclosures about the sensitivity of the valuation of lease liabilities to changes in key assumptions. In respect of the sale and leaseback transactions our procedures included but were not limited to: • Validating the accounting treatment applied by management against the requirements of IFRS 16 and IFRS 15; • Assessing the rationale of the fair value of the transactions used by management; • Recalculating the accounting entries using the sale and leaseback methodology outlined in IFRS 16; • Traced the accounting entries posted through to the financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated report including the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises agréé" by the Shareholders on 26 July 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The consolidated management report on pages 75 to 79 is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying Corporate Governance Statement is presented on pages 48 to 56. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Luxembourg, 10 June 2020
KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
Thierry Ravasio

Consolidated statement of comprehensive income

Period ended	Note	52 weeks ended 28 March 2020 £'000	Restated* 52 weeks ended 30 March 2019 £'000
Continuing operations			
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	Non-control. interest £'000	Total Share-holders' equity £'000
Balance at 1 April 2018	100,056	2,474,249	327,073	(14,532)	10,000	(1,979,131)	7,833	(13,855)	13,692	925,385
Restatements due to the adoption of IFRS 16	–	–	(53,454)	–	–	–	(250)	–	(888)	(54,592)
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)	12,804	870,793
Allocation to legal reserve	–	–	(10)	–	10	–	–	–	–	–
Ordinary dividends declared	–	–	(75,042)	–	–	–	–	–	–	(75,042)
Effect of share options	–	–	954	–	–	–	–	–	–	954
Total transactions with owners	–	–	(74,088)	–	–	–	–	–	–	(74,088)
Profit/(loss) for the period	–	–	193,851	–	–	–	–	–	(2,717)	191,134
Other comprehensive income	–	–	3	16,516	–	–	(1,790)	–	(334)	14,395
Total comprehensive income for the period	–	–	193,854	16,516	–	–	(1,790)	–	(3,051)	205,529
Balance at 30 March 2019	100,056	2,474,249	393,375	1,984	10,010	(1,979,131)	5,793	(13,855)	9,753	1,002,234
Ordinary dividends declared	**–**	**–**	**(76,042)**	**–**	**–**	**–**	**–**	**–**	**–**	**(76,042)**
Special dividends declared	**–**	**–**	**(150,087)**	**–**	**–**	**–**	**–**	**–**	**–**	**(150,087)**
Effect of share options	**2**	**69**	**1,411**	**–**	**–**	**–**	**–**	**–**	**–**	**1,482**
Total transactions with owners	**2**	**69**	**(224,718)**	**–**	**–**	**–**	**–**	**–**	**–**	**(224,647)**
Profit for the period relating to continuing operations	**–**	**–**	**194,777**	**–**	**–**	**–**	**–**	**–**	**–**	**194,777**
Loss for the period relating to discontinued operations	**–**	**–**	**(104,750)**	**–**	**–**	**–**	**–**	**–**	**(9,172)**	**(113,922)**
Other comprehensive income	**–**	**–**	**–**	**7,296**	**–**	**–**	**2,242**	**–**	**(581)**	**8,957**
Total comprehensive income for the period	**–**	**–**	**90,027**	**7,296**	**–**	**–**	**2,242**	**–**	**(9,753)**	**89,812**
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**	**–**	**–**	**867,399**

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 rephase 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 aide 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.

1 General information and basis of preparation continued

Basis of consolidation continued

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 aide 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.

1 General information and basis of preparation continued

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

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.

1 General information and basis of preparation continued

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 though 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.

Notes to the consolidated financial statements continued

1 General information and basis of preparation continued

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.

Notes to the consolidated financial statements continued

1 General information and basis of preparation continued

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 15 March 2020 and the stores re-opening on 11 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 reminder 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.

Notes to the consolidated financial statements continued

2 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	**1,282,808**	1,120,229
Gain on sale and leaseback of the Bedford warehouse	**48,984**	–
Administrative expenses	**(1,007,378)**	(840,953)
Operating profit	**324,414**	279,276
Share of profits in associates	**879**	775
Profit on ordinary activities before net finance costs and tax	**325,293**	280,051
Finance costs	**(24,983)**	(24,410)
Finance income	**213**	369
Gain on revaluation of financial instruments	**134**	716
Profit on ordinary activities before tax	**300,657**	256,726
Income tax expense	**(64,012)**	(51,402)
Profit for the period from continuing operations	**236,645**	205,324
Attributable to owners of the parent	**236,645**	205,324
Discontinued operations		
Loss from discontinued operations	**(119,444)**	(2,615)
Profit for the period	**117,201**	202,709
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.

3 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;

Period to	52 weeks ended 28 March 2020 £'000	52 weeks ended 30 March 2019 £'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;

Period to	52 weeks ended 28 March 2020 £'000	52 weeks ended 30 March 2019 £'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

Notes to the consolidated financial statements continued

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.

Period to	**52 weeks ended 28 March 2020 £'000**	Restated 52 weeks ended 30 March 2019 £'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**	Restated 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 28 March 2020 £'000**	52 weeks ended 30 March 2019 £'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.

Notes to the consolidated financial statements continued

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 28 March 2020 £'000**	52 weeks to 30 March 2019 £'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 28 March 2020 £'000**	52 weeks to 30 March 2019 £'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.

7 Business disposal continued

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	86,092	75,879

9 Employee remuneration

Expense recognised for employee benefits is analysed below:

Period ended	52 weeks to 28 March 2020 £'000	52 weeks to 30 March 2019 £'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
	421,643	373,955

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
	34,206	31,769

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
	2,338	2,423
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
	5,240	4,804
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
	1,250	1,296

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.

Notes to the consolidated financial statements continued

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.

Notes to the consolidated financial statements continued

11 Share Options continued

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 March 19	Granted	Dividend Credit	Forfeited	Exercised	Options at 28 March 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	**57,246**	49,220
Deferred tax charge in other comprehensive income	**1,383**	3,479
Total tax charge recorded in other comprehensive income	**1,383**	3,479
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	**57,246**	49,220

12 Taxation continued

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	**(6,020)**	(2,771)
Analysed as;		
Deferred tax asset	**22,988**	23,751
Deferred tax liability	**(29,008)**	(26,522)

Statement of comprehensive income	52 weeks to 28 March 2020 £'000	52 weeks to 30 March 2019 £'000
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	**(104,750)**	(1,258)
All operations		
Profit for the period attributable to owners of the parent	**90,027**	193,851

	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	**1,001,268**	1,001,014

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	**18.7**	18.8

Discontinued operations	**Pence**	Pence
Basic loss per share	**(10.5)**	(0.1)
Diluted loss per share	**(10.5)**	(0.1)

All operations	**Pence**	Pence
Basic earnings per share	**9.0**	19.4
Diluted earnings per share	**9.0**	19.4

14 Investments in associates

Period ended	28 March 2020 £'000	30 March 2019 £'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	**5,700**	6,920

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	**9,431**	12,812
Revenue	**221,145**	160,903
Profit	**969**	1,562

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	**4,329**	2,486
Revenue	**30,305**	–
Profit	**1,719**	–

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:

As at	28 March 2020 £'000	30 March 2019 £'000
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	–

15 Intangible assets continued

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 2020	30 March 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.

Notes to the consolidated financial statements continued

15 Intangible assets continued

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:

As at	28 March 2020 £'000	30 March 2019 £'000
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	**54,255**	44,798

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:

As at	28 March 2020 £'000	30 March 2019 £'000
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.

Notes to the consolidated financial statements continued

17 Right of use assets continued

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;

	52 weeks to 28 March 2020 £'000	52 weeks to 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%

	£'000	£'000
Effect on finance costs with a change of 50bps to the discount rate		
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 £'000	Others £'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 Assets	**28 March 2020 £'000**	30 March 2019 £'000	1 April 2018 £'000
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

20 Trade and other receivables continued

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:

As at	**28 March 2020 £'000**	30 March 2019 £'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

As at	**28 March 2020 £'000**	30 March 2019 £'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

As at	**28 March 2020 £'000**	30 March 2019 £'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	**16,702**	6,294
Total other financial assets	**16,702**	6,294

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	**1,847**	13,731
Total other financial liabilities	**1,847**	13,731

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)

23 Other financial assets and liabilities continued

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	**–**	12,084

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
	211,062	124,272
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
	561,418	562,941

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 £'000	30 March 2019 £'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;

As at	**28 March 2020 £'000**	30 March 2019 £'000
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
B&M European Value Retail S.A. ordinary shares of 10p each		
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	**139,822**	235,086
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	**532,645**	422,996

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	**88,588**	73,862

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 training 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.

29 Financial risk management continued

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 £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000	Total £'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.

As at	**28 March 2020 £'000**	30 March 2019 £'000
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

As at	**28 March 2020 £'000**	30 March 2019 £'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

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;

Period ended	28 March 2020 £'000	30 March 2019 £'000
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

Period ended	28 March 2020 £'000	30 March 2019 £'000
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)
	12,143	6,966	19,109	113,701	(133,332)	(19,631)

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).

Notes to the consolidated financial statements continued

30 Related party transactions

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

As at	28 March 2020 £'000	30 March 2019 £'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	**5,772**	13,079

As at	28 March 2020 £'000	30 March 2019 £'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	**11,432**	3,237

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;

As at	28 March 2020 £'000	30 March 2019 £'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
	142,123	172,929

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:

As at	30 March 2019 £'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
	568

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:

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

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.

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

Notes to the consolidated financial statements continued

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.

Independent Auditor's Report

To the Shareholders of B&M European Value Retail S.A. 9, allée Scheffer L-2520 Luxembourg

Report of the Réviseur d'Entreprises agréé

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of B&M European Value Retail S.A. (the "Company"), which comprise the balance sheet as at 31 March 2020, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 March 2020, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the annual accounts and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for overseeing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for assessing the Company's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

Independent Auditor's Report continued

To the Shareholders of B&M European Value Retail S.A. 9, allée Scheffer L-2520 Luxembourg

- conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises agréé" by the Shareholders on 26 July 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The management report on pages 75 to 79 of the Annual Report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The accompanying Corporate Governance Statement is presented on pages 48 to 56 of the Annual Report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014, were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 10 June 2020
KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
Thierry Ravasio

Company profit and loss account
for the financial year ended 31 March 2020

	Notes	**31 March 2020 GBP**	31 March 2019 GBP
Raw materials and consumables and other external expenses			
Other external expenses	8	**(2,126,681)**	(1,179,071)
Staff costs	9		
Wages and salaries		**(285,286)**	(347,082)
Social security costs			
relating to pensions		**(16,434)**	(21,546)
other social security costs		**(10,231)**	(12,482)
Value adjustments			
In respect of formation expenses and of tangible and intangible assets		**(7,309)**	(2,951)
Other operating expenses	10	**(1,157,579)**	(732,424)
Income from participating interests	11		
Derived from affiliated undertakings		**212,145,459**	76,000,000
Other interest receivable and similar income	12		
Derived from affiliated undertakings		**10,795,788**	10,725,046
Other interest and similar income		**63,618**	94,792
Interest payable and similar expenses	13		
Other interest and similar expenses		**(10,526,476)**	(10,363,335)
Tax on profit or loss	14	**–**	–
Profit or loss after taxation		**208,874,868**	74,160,948
Other taxes not included in the previous caption	14	**(4,268)**	(4,133)
Profit or loss for the financial year		**208,870,600**	74,156,816

The accompanying notes form an integral part of these annual accounts

Company balance sheet
as at 31 March, 2020

	Notes	31 March 2020 GBP	31 March 2019 GBP
ASSETS			
FIXED ASSETS			
Tangible assets			
Other fixtures and fittings, tools and equipment		**–**	–
Financial assets	3		
Shares in affiliated undertakings		**2,624,999,999**	2,624,999,999
		2,624,999,999	2,624,999,999
CURRENT ASSETS			
Debtors			
Amounts owed by affiliated undertakings	4		
becoming due and payable within one year		**433,588,268**	301,620,884
Other debtors	5		
becoming due and payable within one year		**4,892,539**	334,909
		438,480,807	301,955,794
Cash at bank and in hand		**60,098**	41,301
TOTAL ASSETS		**3,063,540,904**	2,926,997,094

	Notes	31 March 2020 GBP	31 March 2019 GBP
CAPITAL, RESERVES AND LIABILITIES			
CAPITAL AND RESERVES	6		
Subscribed capital		**100,058,290**	100,056,122
Share premium account		**2,473,803,467**	2,473,745,635
Reserves			
Legal reserve		**10,010,000**	10,010,000
Profit or loss for the financial year		**208,870,600**	74,156,816
Profit or loss brought forward		**40,515,885**	42,401,722
Interim dividends		**(177,102,880)**	(27,015,153)
Total capital and reserves		**2,656,155,361**	2,673,355,142
CREDITORS	7		
Debenture loans			
Non-convertible loans			
becoming due and payable within one year		**1,718,750**	1,718,750
becoming due and payable after more than one year		**250,000,000**	250,000,000
		251,718,750	251,718,750
Trade creditors			
becoming due and payable within one year		**1,075,965**	143,299
Amounts owed to affiliated undertakings			
becoming due and payable within one year		**4,407,949**	1,706,997
Other creditors			
Tax authorities		**17,599**	20,176
Social security authorities			
Dividend payable		**150,087,435**	–
Other creditors			
becoming due and payable within one year		**77,845**	52,730
		155,666,793	1,923,202
TOTAL CAPITAL, RESERVES AND LIABILITIES		**3,063,540,904**	2,926,997,094

The accompanying notes form an integral part of these annual accounts

Notes to the annual accounts
for the financial year ended 31 March 2020

Note 1 – General information
B&M European Value Retail S.A., hereinafter the "Company", was incorporated on 19 May 2014 as a "société anonyme" for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of 10 August 1915 on commercial companies, as amended. An Extraordinary General Meeting of Shareholders was held on 30 July 2018 to update the "Articles of Association" (the "Articles") further to the changes brought to the law of 10 August 1915 on commercial companies by the law of 10 August 2016 on the modernisation of the law of commercial companies.

The Articles of Association of the Company were also amended during the financial year under review further to the issue of new shares by the Board of Directors, acting on the basis of Article 5.2 of the Articles setting an authorised share capital. The new shares were issued to employees of the Group in the frame of the Company Share Option Scheme.

The Company is registered with the Luxembourg Trade and Companies Register under number B 187.275 and its registered office is established in Luxembourg city. The financial year starts on 1 April 2019 and ends on 31 March 2020.

The Company's object is to acquire and hold interests, directly or indirectly, in any form whatsoever, in other Luxembourg or foreign entities, by way of, among others, the subscription or the acquisition of any securities and rights through participation, contribution, underwriting, firm purchase or option, negotiation or in any other way, or of debt instruments in any form whatsoever, and to administrate, develop and manage such holding of interests.

The Company may in particular enter into transactions to borrow money in any form or to obtain any form of credit and raise funds through, including, but not limited to, the issue of shares, bonds, notes, promissory notes, certificates and other debt instruments or debt securities, convertible or not, or the use of financial derivatives or otherwise, to enter into any guarantee, pledge or any other form of security, to enter into any kind of agreements like partnership, marketing, management etc.

The Company also prepares consolidated financial statements, which are published according to the provisions of the law.

The Company is registered with the Luxembourg Stock Exchange and as such subject to the supervision of the CSSF (Commission de Surveillance du Secteur Financier) and its shares are listed on the premium listing segment of the London Stock Exchange under the symbol "BME".

Note 2 – Summary of significant accounting policies and valuation methods
Basis of preparation
These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, as subsequently amended (the "Law"), determined and applied by the directors of the Company (the "Board of Directors").

These accounts have been prepared on a going concern basis.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting policies and valuation methods
The main accounting policies and valuation rules applied by the Company are the following:

Tangible assets
Tangible assets are valued at purchase price including the expenses incidental thereto. Tangible assets are depreciated over their estimated useful economic lives.

The depreciation rates and methods applied are as follows:

	Rate of depreciation	Depreciation method
Company vehicle	20.00%	Straight line

Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded in order to reflect this loss. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Notes to the annual accounts continued
for the financial year ended 31 March 2020

Note 2 – Summary of significant accounting policies and valuation methods continued

Financial assets
Shares in affiliated undertaking are valued at purchase price including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Debtors
Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Foreign currency translation
The Company maintains its accounting records in Pounds sterling (GBP) and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than GBP are translated into GBP at the exchange rate effective at the time of the transaction.

Long term non-monetary assets expressed in currencies other than GBP are translated into GBP at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the "historical exchange rate").

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The realised and unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Provisions
Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date at which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date at which they will arise.

Provision for taxation
Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other debtors", if applicable.

Creditors
Creditors are stated as their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Issuance costs
Issuance costs are expensed through the profit and loss account at the time that they are incurred. This is considered to be the date on which the relevant issuance is legally performed.

Note 3 – Financial assets

The undertaking in which the Company holds interests in its share capital is as follows:

Undertaking's name	Registered office	Percentage of holding	Net equity as at 31 March 2020 GBP	Net result for the financial year ended 31 March 2020 GBP	Net book value as at 31 March 2020 GBP
B&M EVR 1*	Luxembourg	100%	**646,877,032**	**175,005,603**	**2,624,999,999**

* B&M EVR 1 refers to B&M European Value Retail 1 S.à.r.l.

As at the balance sheet date, the Board of Directors assessed the valuation of the underlying operations and concluded that no value adjustment is deemed necessary on the investment.

The B&M EVR 1 accounts have yet to be approved by their Directors and the above figures were taken from the unaudited accounts as at 31 March 2020.

On 6 March 2020 the Company announced the sale of the entire share capital of Bedford DC Investment Limited, which owned the freehold of a warehouse that was subsequently leased back by the Group company B&M Retail Limited, to WestInvest Gesellschaft für Investmentfonds mbH. The Company previously held 100% of the share capital at an investment value of GBP 2.

In March 2020, an interim dividend of GBP 175m was declared by B&M EVR 1 (booked as dividend receivable as at 31 March 2020, see also Note 4).

Note 4 – Amounts owed by affiliated undertakings

	March 2020 GBP	March 2019 GBP
becoming due and payable within one year:		
B&M European Value Retail Holdco 4 Ltd ("B&M Holdco 4")	**256,769,518**	225,620,884
B&M European Value Retail 1 S.à.r.l. ("B&M EVR 1") – Dividend receivable **(Note 11)**	**175,000,000**	76,000,000
Accrued income in relation to intercompany loan agreements (Interest receivable)	**1,818,750**	–
Total	**433,588,268**	301,620,884

The amounts owed by B&M Holdco 4 are interest bearing (Note 12) and payable on demand. The amount owed by B&M EVR 1 relates to the dividend declared by them on 6 March 2020 and was still receivable as at year end. Where interest is calculated it has been done on an arm's length basis.

Note 5 – Other debtors

	March 2020 GBP	March 2019 GBP
becoming due and payable within one year:		
Deferred consideration in respect of the sale of Bedford DC Investment Ltd (Note 5.1)	**4,673,860**	–
Prepaid VAT	**–**	282,500
Prepaid income and net wealth taxes	**11,848**	3,195
Other advances	**206,831**	49,214
Total	**4,892,539**	334,909

Note 5.1 On 6 March 2020 as part of the transaction comprising the sale of the subsidiary Bedford DC Investment Ltd, the Company recognised a deferred consideration in respect of a VAT receivable previously recognised in that company and for which the purchaser has agreed to pass through to the company on receipt. Also see Note 3 in relation to this sale.

Notes to the annual accounts continued
for the financial year ended 31 March 2020

Note 6 – Capital and reserves

Subscribed capital and share premium account

As at 31 March 2020, the share capital is set at GBP 100,058,289.80 divided into 1,000,582,898 ordinary shares with a nominal value of GBP 0.10 each and the unissued but authorised share capital is set at GBP 297,163,932.40. The Company's share capital is represented by only one class of (ordinary) shares.

During the financial year, share options reported under the annual accounts as at 31 March 2017, 31 March 2018 and 31 March 2019 as off balance sheet commitments have been exercised and the Board of Directors acting on the basis of article 5.2 of the Articles and within the frame of the authorised share capital clause, issued in aggregate, 21,676 new ordinary shares of 10 pence each in relation to share options exercised by employees and directors of the Group. The Articles have been updated accordingly.

Movements for the period on the reserves and profit/loss captions are as follows:

	Share premium and similar premiums GBP	Legal reserve GBP	Profit or loss brought forward GBP	Profit for the financial period GBP	Interim dividends GBP	Total GBP
As at the beginning of the financial year	2,473,745,635	10,010,000	42,401,722	74,156,816	(27,015,153)	2,573,299,020
Allocation of prior period's result	–	–	74,156,816	(74,156,816)	–	–
Proceeds from share options	57,832	–	–	–	–	57,832
Allocation of dividends	–	–	(27,015,153)	–	27,015,153	–
Final dividend	–	–	(49,027,500)	–	–	(49,027,500)
Interim dividend (November 2019)	–	–	–	–	(27,015,446)	(27,015,446)
Special dividend (March 2020)	–	–	–	–	(150,087,435)	(150,087,435)
Profit for the financial year	–	–	–	208,870,600	–	208,870,600
As at the end of the financial year	2,473,803,467	10,010,000	40,515,885	208,870,600	(177,102,880)	2,556,097,071

On 8 November 2019 the Board of Directors unanimously approved the distribution of an interim dividend of 2.7p per ordinary share, being a total aggregate distribution of GBP 27,015,445.67 paid by the Company in December 2019.

On 6 March 2020 the Board of Directors unanimously approved the distribution of a special dividend of 15.0p per ordinary share, being a total aggregate distribution of GBP 150,087,434.70 paid by the Company in April 2020.

Legal reserve

In accordance with article 710-23 of the Luxembourg law on commercial companies dated 10 August 1915, as amended, the Company is required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Note 7 – Creditors

Amounts due and payable for the accounts shown under "Debenture loans" are as follows:

	Within one year GBP	After one year and within five years GBP	After more than five years GBP	**March 2020 GBP**	March 2019 GBP
Debenture Loans					
Non convertible loans – Bonds interest	1,718,750	–	–	**1,718,750**	1,718,750
Non convertible loans – Bonds principal	–	250,000,000	–	**250,000,000**	250,000,000
	1,718,750	250,000,000	–	**251,718,750**	251,718,750

On 2 February 2017, the Company issued GBP 250,000,000 4.125% Senior Secured Notes (herein after referred to as the "Bonds") which are due on 1 February 2022. Interest on the Notes is paid semi-annually in arrears on 1 February and 1 August of each year, commencing on 1 August 2017. The Bonds are listed for trading on the Euro MTF market of the Luxembourg Stock Exchange. The Euro MTF Market of the Luxembourg Stock Exchange is not a regulated market pursuant to the provisions of Directive 2004/39/EC on markets in financial instruments. The Euro MTF Market falls within the scope of Regulation (EC) 596/2014 on market abuse and the related Directive 2014/57/EU on criminal sanctions for market abuse.

The Company may redeem the Bonds in whole or in part at any time on or after 1 February 2019, in each case, at the redemption prices set out in the Offering Circular.

Additionally, the Company may redeem the Bonds in whole, but not in part, at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, the Company may be required to repurchase all or any portion of the Bonds at 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase.

The Bonds are senior obligations of the Company, guaranteed on a senior basis by its various affiliated companies.

Other amounts due and payable for the accounts shown under "Creditors" are as follows:

	Within one year GBP	After one year within five GBP	After more than five years	**March 2020 GBP**	March 2019 GBP
Trade creditors					
Suppliers	121,286	–	–	**121,286**	57,986
Suppliers – Invoices not yet received **(Note 7.1)**	954,679	–	–	**954,679**	85,314
	1,075,965	–	–	**1,075,965**	143,299
Amounts owed to affiliated undertakings					
B&M EVR 2 **(Note 7.2)**	4,407,949	–	–	**4,407,949**	1,706,997
Other creditors					
Tax authorities					
Corporate income tax	2,541	–	–	**2,541**	2,541
Net wealth tax	12,621	–	–	**12,621**	8,353
Other taxes	2,437	–	–	**2,437**	9,283
	17,599	–	–	**17,599**	20,176
Dividend Payable **(Note 6)**	150,087,435	–	–	**150,087,435**	–
Other creditors	77,845	–	–	**77,845**	52,730
Total	155,666,793	–	–	**155,666,793**	1,923,202

Note 7.1 Suppliers invoices not yet received balance during the financial year ended 31 March 2020 relates mostly to costs related to the sale of Bedford (Note 3) and audit fees accrued.

Note 7.2 Dividend payments in GBP received by the Company on behalf of B&M EVR 2.

Notes to the annual accounts continued
for the financial year ended 31 March 2020

Note 8 – Raw materials and consumables and other external expenses

Other external expenses	March 2020 GBP	March 2019 GBP
Advisory and consultancy fees	**211,718**	94,467
Fees relating to the sale of Bedford **(Note 3)**	**650,000**	–
Marketing, communication and travel expenses	**261,069**	265,744
Staff recruitment expenses	**42,777**	137,829
Accounting and administrative fees	**167,474**	196,452
Audit fees	**73,000**	111,041
Government regulatory fees	**103,509**	79,448
Stock exchange fees	**134,153**	119,647
Rentals	**45,787**	49,177
Repairs and maintenance	**8,385**	10,973
Miscellaneous other expenses	**428,809**	114,293
Total	**2,126,681**	1,179,071

Note 9 – Staff costs

As at 31 March 2020, the Company employed one part time employee and two full time employees. (2019: one part time and two full time)

Note 10 – Other operating expenses

	March 2020 GBP	March 2019 GBP
Director fees	**652,097**	590,025
Non-deductible VAT	**505,093**	141,867
Others	**389**	532
Total	**1,157,579**	732,424

Note 11 – Income from participating interests

	March 2020 GBP	March 2019 GBP
Derived from affiliated undertakings:		
Dividend income **(Note 11.1)**	**175,000,000**	76,000,000
Sale of Bedford **(Note 3)**	**37,145,459**	–
Total	**212,145,459**	76,000,000

Note 11.1 Dividend income relates to dividend distributed by B&M EVR 1.

Note 12 – Other interest receivable and similar income

	March 2020 GBP	March 2019 GBP
Derived from affiliated undertakings **(Note 12.1)**		
Interest recharge	**10,795,788**	10,725,046
	10,795,788	10,725,046
Other interest and similar income		
Realised foreign exchange gain	**43,594**	94,792
Other income	**20,024**	–
	63,618	94,792
	10,859,406	10,819,838

Note 12.1 The Company and its UK and Luxembourg affiliates have entered into a Management Services Agreement ("MSA"). Included in the provisions of this MSA was the right for the Company to charge or be charged with interest on any intercompany balances held with affiliates outside of Luxembourg (an "Interest recharge"). The basis for the interest recharge is the outstanding balance per management accounts at the start and end of each month, and the marginal external rate of borrowing available to the Group as reviewed by management on a half yearly basis.

Note 13 – Interest payable and similar expenses

	March 2020 GBP	March 2019 GBP
Other interest and similar expenses:		
Interest expense on bonds payable **(Note 7)**	**10,312,500**	10,312,500
Realised foreign exchange loss	**205,887**	49,596
Others	**8,089**	1,239
Total	**10,526,476**	10,363,335

Note 14 – Taxation

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

Note 15 – Off balance sheet commitments and contingencies

As at the balance sheet date, the Company has financial commitments relating to: i) share option plans; and ii) pledge agreements. The nature and the commercial objective of the operations not disclosed on the balance sheet can be described as follows:

Note 15.1 Share option plans

The Company operates the following open share option plans. The details of which are as follows:

(1) The B&M European Value Retail S.A. Tax Advantaged and non-tax advantaged Company Share Option Plans (CSOPs), starting (i) 1/8/14 (ii) 19/8/16.
(2) The B&M European Value Retail S.A. Long Term Incentive Plan 2015 (LTIP 2015).
(3) The B&M European Value Retail S.A. Long Term Incentive Plan 2016 (LTIP 2016).
(4) The B&M European Value Retail S.A. Long Term Incentive Plan 2017, split into four; (i) LTIP 2017A (ii) LTIP 2017B1 (iii) LTIP 2017B2 (iv) LTIP2018B1
(5) The B&M European Value Retail S.A. Long Term Incentive Plan 2018, split into two; (i) LTIP 2018A (ii) LTIP 2018B
(6) The B&M European Value Retail S.A. Long Term Incentive Plan 2019, split into three; (i) LTIP 2019A (ii) LTIP 2019B1 (iii) LTIP2019B2
(7) The B&M European Value Retail S.A. Deferred Benefit Share Plan 2019 (DBSP19).

CSOPs

The CSOP schemes are market-value options with a non-market performance condition. They vest after a period of three years.

The options were valued using a black/scholes model or based upon the consensus position of the B&M share price for the smaller awards.

Scheme	Date of grant	Date of vesting	Exercise price	Fair value of option GBP	Number of options outstanding at 31 March 2019	Number of options granted/ (forfeited or lapsed) in the year	Number of options exercised in the year	**Number of options outstanding at 31 March 2020**
CSOP (1/8/14)	1 Aug 2014	1 Aug 2017	271.5p	0.83	11,049	0	0	**11,049**
CSOP (19/8/16)	19 Aug 2016	19 Aug 2019	276.8p	0.50	21,676	0	(21,676)	**0**

CSOP (1/18/14) has fully vested.

LTIPs

These awards are ordinary shares subject to a mixture of market based and non-market based performance conditions. They vest after a period of three years.

LTIP 2015, LTIP 2016, LTIP 2017A, LTIP 2018A and LTIP 2019A have been separated into two tranches based upon the conditions required for vesting, as the two tranches were calculated to have separately identifiable and different fair values. The tranches are labelled "TSR" and "EPS" as the relevant key performance conditions are based upon total shareholder return and earnings per share. These LTIP schemes all have a holding period of two years after the shares have vested. The other LTIP schemes do not have this feature.

The LTIP 2018 schemes and all subsequent schemes awarded have additional options granted to holders for each dividend paid by the Company whilst the options are held. These dividend grants are equivalent to the amount of new shares they could have bought with the dividend that would have been due to them had they held the actual shares.

Notes to the annual accounts continued
for the financial year ended 31 March 2020

The options were valued using a monte carlo method.

Scheme/Tranche	Date of grant	Date of vesting	Exercise price	Fair value of option GBP	Number of options outstanding at 31 March 2019	Number of options granted/ (forfeited or lapsed) in the year	Number of options exercised in the year	**Number of options outstanding at 31 March 2020**
LTIP 2015/EPS	5 Aug 2015	5 Aug 2018	nil	3.41	31,477	0	0	**31,477**
LTIP 2015/TSR	5 Aug 2015	5 Aug 2018	nil	2.10	40,616	0	0	**40,616**
LTIP 2016/EPS	18 Aug 2016	18 Aug 2019	nil	2.54	122,386	(51,404)	0	**70,982**
LTIP 2016/TSR	18 Aug 2016	18 Aug 2019	nil	1.64	122,386	0	0	**122,386**
LTIP 2017A/EPS	7 Aug 2017	7 Aug 2020	nil	3.51	40,610	0	0	**40,610**
LTIP 2017A/TSR	7 Aug 2017	7 Aug 2020	nil	2.72	40,610	0	0	**40,610**
LTIP 2018A/EPS	22 Aug 2018	22 Aug 2021	nil	4.09	226,673	18,046	0	**244,719**
LTIP 2018A/TSR	22 Aug 2018	22 Aug 2021	nil	2.40	226,673	18,046	0	**244,719**
LTIP 2019A/EPS	2 Aug 2019	2 Aug 2022	nil	3.61	0	271,923	0	**271,923**
LTIP 2019A/TSR	2 Aug 2019	2 Aug 2022	nil	2.51	0	271,923	0	**271,923**
LTIP 2017B1	7 Aug 2017	7 Aug 2020	nil	3.61	263,855	0	0	**263,855**
LTIP 2017B2	14 Aug 2017	14 Aug 2020	nil	3.60	93,629	0	0	**93,629**
LTIP 2018B1	23 Jan 2018	23 Jan 2021	nil	4.00	16,856	0	0	**16,856**
LTIP 2018B	23 Jan 2018	23 Jan 2021	nil	4.06	227,304	18,093	0	**245,397**
LTIP 2019B1	2 Aug 2019	2 Aug 2022	nil	3.48	0	392,521	0	**392,521**
LTIP 2019B2	18 Sept 2019	18 Sept 2022	nil	3.73	0	2,847	0	**2,847**

The LTIP 2015 and LTIP 2016 awards have vested and are in a 2 year holding period.

Assumptions

The fair valuing exercise uses several assumptions, including those given in the table below.

Scheme/Tranche	Risk-free rate	Expected life (years)	Volatility	Dividend yield	Consensus (pence)
CSOP (1/8/14)	2.23%	6.5	N/A	0%	N/A
CSOP (19/8/16)	N/A	3	N/A	N/A	326.8
LTIP 2015/EPS	0.92%	5	24%	1%	N/A
LTIP 2015/TSR	0.92%	5	24%	1%	N/A
LTIP 2016/EPS	0.09%	5	26%	2%	N/A
LTIP 2016/TSR	0.09%	5	26%	2%	N/A
LTIP 2017A/EPS	0.52%	5	32%	1%	N/A
LTIP 2017A/TSR	0.52%	5	32%	1%	N/A
LTIP 2018A/EPS	0.97%	5	29%	0%	N/A
LTIP 2018A/TSR	0.97%	5	29%	0%	N/A
LTIP 2019A/EPS	0.37%	5	31%	0%	N/A
LTIP 2019A/TSR	0.37%	5	31%	0%	N/A
LTIP 2017B1	0.25%	3	32%	1%	N/A
LTIP 2017B2	0.25%	3	32%	1%	N/A
LTIP2018B1	0.25%	3	32%	1%	N/A
LTIP2018B	0.25%	3	30%	0%	N/A
LTIP2019B1	0.47%	3	30%	0%	N/A
LTIP2019B2	0.47%	3	30%	0%	N/A

Note 15 – Off balance sheet commitments and contingencies continued

DBSP

The Deferred Bonus Share Plan (DBSP) is a holding scheme where a portion of the executive directors annual bonus is deferred in to a share option holding scheme where the options are held for three years before they can be exercised.

As such these are valued at the portion of the bonus which has been deferred. This scheme also attracts the additional dividend related grants as detailed above for the post 2018 LTIP schemes.

Scheme/Tranche	Date of grant	Date of vesting	Exercise price	Fair value of option GBP	Number of options outstanding at 31 March 2019	Number of options granted/ (forfeited or lapsed) in the year	Number of options exercised in the year	**Number of options outstanding at 31 March 2020**
DBSP 2019	4 Jun 2019	4 Jun 2022	nil	N/A	0	61,008	0	**61,008**

In accordance with Luxembourg GAAP, as long as the option holders have not exercised their rights, the related amounts are reported as off balance sheet commitments.

Note 15.2 Pledge agreements

Pursuant to a share pledge agreement dated (and effective as of) 02 February 2017, all shares and related assets owned from time to time in B&M EVR 1 by the Company and, in particular, the 198,916,673 shares owned as of 31 March 2020 and including any shares acquired by the Company in the future and related assets, have been pledged in favour of Deutsche Bank AG, London Branch, as security agent, acting for itself and as security agent for and on behalf of the Secured Parties, in relation of the issuance of the Bonds (Note 7).

Note 16 – Directors Emoluments

Director fees payable to the Independent Non-Executive Directors of the Company are paid in GBP on a quarterly basis (by reference to the civil year) and subject to withholding tax in Luxembourg at the rate of 20%.

The contractual emoluments granted to the members of the administrative managerial and supervisory bodies in that capacity are as follows:

	March 2020 GBP	March 2019 GBP
Director fees paid to the non-executive directors of the Group	**507,293**	534,432
	507,293	534,432

There were no obligations arising or entered into in respect of retirement pensions for former members of those bodies for the financial year.

There were no advances or loans granted during the financial year to the members of those bodies.

There are no pension obligations to members of those bodies.

There are no guarantees or direct substitutes granted or given to the members of those bodies.

Note that the executive directors are remunerated through other Group companies.

Note 17 – Subsequent events

The outlook for the coming year is uncertain due to the current Covid-19 crisis. The appearance of Covid-19 harbours special risks that are difficult to predict in terms of their impact on the global economy, and which the Company is currently affected by. However the Company is supported by the activities of the Group which are expected to largely continue profitably over the period of the crisis and therefore the impact on the Company is expected to be limited.

No other matters or circumstances of importance other than those already described in the present notes to the accounts have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

The financial statements were approved by the Board of Directors and authorised for issue on 10 June 2020 and signed on its behalf by:

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer

Corporate directory

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Listing
Ordinary shares of B&M European Value Retail S.A. are listed with a premium listing on the London Stock Exchange.

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