

Financial Statements

B&M European Value Retail Holdco 4 Limited

For the period from 1 April 2018 to 30 March 2019

Company number: 08309974



Company information

Company registration number	08309974
Country of incorporation	England and Wales
Registered office	The Vault Dakota Drive Estuary Commerce Park Speke Liverpool Merseyside L24 8RJ
Directors	S Arora P McDonald
Secretary	P McDonald
Bankers	Bank of America N.A. 2 King Edward Street London EC1A 1HQ
Solicitors	Gordons LLP Forward House 8 Duke Street Bradford West Yorkshire BD1 3QX
Auditor	KPMG LLP Statutory Auditor 1 St Peter's Square Manchester M2 3AE

Contents

Statement of directors' responsibilities	4
Report of the directors	5
Independent auditor's report to the members of B&M European Value Retail Holdco 4 Limited	6
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12

Statement of directors' responsibilities in respect of the Directors Report and Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the directors

The directors present their report together with the financial statements for the 52 week period from 1 April 2018 to 30 March 2019 (2018: 53 weeks).

Principal activity

The principal activity of the company is that of a holding company.

Directors

The directors in office during the period and until the date the accounts were authorised for issue are shown below:

S Arora
P McDonald

Dividends

In March 2019 the company received and made dividends totalling £76.0m. In February 2019 the company received dividends of £6.5m.

In the prior year, in November 2017 and March 2018 the company received and made dividends totalling £23.0m and £55.0m, respectively.


Auditors

A resolution to re-appoint KPMG LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006. This includes not including a strategic report with these financial statements.

ON BEHALF OF THE BOARD



P McDonald, Director
11 July 2019

B&M European Value Retail Holdco 4 Limited
The Vault
Dakota Drive
Estuary Commerce Park
Speke
Liverpool
Merseyside
L24 8RJ



Independent auditor's report to the members of B&M European Value Retail Holdco 4 Limited

Opinion

We have audited the financial statements of B&M European Value Retail Holdco 4 Limited ("the company") for the period ended 30 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of the assets and liabilities, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.



Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Quayle

Nicola Quayle (Senior Statutory auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

12 July 2019

Statement of Comprehensive Income

	Note	52 weeks to 30 March 2019 £'000	53 weeks to 31 March 2018 £'000
Revenue		-	-
Gross profit		-	-
Administrative expenses		(581)	(1,096)
Operating loss	2	(581)	(1,096)
Dividends received	17	82,472	78,000
Finance costs	3	(24,197)	(21,575)
Finance income	3	1,767	92
Profit on ordinary activities before tax		59,461	55,421
Income tax	6	-	-
Profit and total comprehensive income for the period		59,461	55,421

All operations are classified as continuing.

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

Statement of Financial Position

	Note	30 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Investments	7	1,051,888	1,051,888
		<u>1,051,888</u>	<u>1,051,888</u>
Current assets			
Cash and cash equivalents	9	13	11
Trade and other receivables	8	131,916	63
		<u>131,929</u>	<u>74</u>
Total assets		<u>1,183,817</u>	<u>1,051,962</u>
Equity			
Share capital	12	(145,928)	(145,928)
Retained earnings		(227,057)	(243,596)
		<u>(372,985)</u>	<u>(389,524)</u>
Non-current liabilities			
Interest-bearing loans and borrowings	11	(548,102)	(547,288)
		<u>(548,102)</u>	<u>(547,288)</u>
Current liabilities			
Trade and other payables	10	(144,269)	(70,150)
Interest-bearing loans and borrowings	11	(118,461)	(45,000)
		<u>(262,730)</u>	<u>(115,150)</u>
Total liabilities		<u>(810,832)</u>	<u>(662,438)</u>
Total equity and liabilities		<u>(1,183,817)</u>	<u>(1,051,962)</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 11 July 2019 and signed on their behalf by:



P McDonald
 Director
 Company registration number: 08309974

Statement of Changes in Equity

	Share capital £'000	Retained earnings £'000	Total shareholders equity £'000
Balance at 25 March 2017	145,928	266,175	412,103
Dividends paid	-	(78,000)	(78,000)
Total comprehensive income for the period	-	55,421	55,421
Balance at 31 March 2018	145,928	243,596	389,524
Dividends paid	-	(76,000)	(76,000)
Total comprehensive income for the period	-	59,461	59,461
Balance at 30 March 2019	145,928	227,057	372,985

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

Statement of Cash Flows

		Period to 30 March 2019	Period to 30 March 2018
	Note	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	13	(560)	(1,729)
Movement in intercompany balances		(51,632)	(22,206)
Income tax paid		-	-
Net cash flows from operating activities		<u>(52,192)</u>	<u>(23,935)</u>
Cash flows from investing activities			
Interest received		1,767	92
Net cash flows from investing activities		<u>1,767</u>	<u>92</u>
Cash flows from financing activities			
New loan facilities drawn down	11	78,984	-
Net movement in revolving facility	11	(5,000)	45,000
Refinancing fees	11	(935)	(467)
Interest paid		(22,622)	(20,696)
Net cash flows from financing activities		<u>50,427</u>	<u>23,837</u>
Net (decrease)/increase in cash and cash equivalents		2	(6)
Cash and cash equivalents at the start of the period		<u>11</u>	<u>17</u>
Cash and cash equivalents at the end of the period		<u>13</u>	<u>11</u>
Cash and cash equivalents comprise:			
Cash at bank and in hand	9	<u>13</u>	<u>11</u>
		<u>13</u>	<u>11</u>

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

Notes to the financial statements

1 Principal accounting policies

Basis of preparation

The presented financial information relates to the period from 1 April 2018 to 30 March 2019.

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRSs as adopted by the European Union.

The financial statements have been prepared under the historical cost convention. The measurement basis and principal accounting policies of the company are set out below and have been applied consistently throughout the financial statements.

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

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. The results of the company are included in the consolidated accounts of B&M European Value Retail S.A. a company incorporated in Luxembourg and listed on the London stock exchange since June 2014. These financial statements present information about the company as an individual undertaking and not about its group.

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

Going concern

Notwithstanding net current liabilities of £130.8m as at 30 March 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Included in the £130.8m are

- A £79.0m external loan due for repayment in October 2019. However the company has an unconditional right to extend this facility for a further 12 months should Group funds not be available to repay it.
- A £40.0m external loan within our revolving facility. Whilst this is repayable in April 2019 (and has subsequently been settled post year end) the facility itself is available until July 2021 (with total headroom at the date of signing the accounts in excess of £130m) provided the Group remains in compliance with the covenants attached to that funding. Management have forecast continued compliance with the covenants for at least 12 months from the date of these accounts.
- A £50.0m creditor due to B&M European Value Retail S.A. which is expected to be settled in July via funding provided by the main Group trading entity, B&M Retail Ltd. Management forecasts indicate that these funds will be available through usual trading income.

The company is dependent on dividends and funding from its indirect subsidiary, B&M Retail Limited, to which it has amounts currently due, at 31 March 2018, of £90.2m. The directors have prepared cash flow forecasts for the B&M group, including this company, for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through B&M Retail Limited, which conducts most of the B&M group's trading, to meet its liabilities as they fall due for that period.

B&M Retail Limited has also indicated its intention to continue to make available such funds as are needed by the company to meet its liabilities as they fall due. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes to the financial statements

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Investments

Investments in subsidiaries are included at cost less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. In the prior year, the company presented dividends received and dividends paid in the cash flow, however these are not paid in cash but settled via intercompany accounts and as such the prior year cash flow statement has been restated.

Financial assets

IFRS 9 has replaced IAS 39 during the year, and as such the company's policy has been restated as follows. The new policy has had no impact on the statements of comprehensive income or financial position for the year.

IFRS 9 eliminates the previous IAS 39 category for financial assets of loans and receivables. Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income.

A financial asset is measured at amortised cost 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 introduces 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 company 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 company 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 company's historical experience and informed credit assessment and including forward-looking information. The company performs the calculation of expected credit losses separately for each customer group.

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 company 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.

Notes to the financial statements

Impairment of financial assets

The company 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

The implementation of IFRS 9 has not significantly impacted the company's financial liabilities policy.

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 liabilities 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 company. Gains or losses on liabilities held-for-trading are recognised in profit and loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement 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 profit and loss.

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 is determined by reference to mark-to-market quotations obtained from the relevant bank (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

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 company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss or other comprehensive income.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Retained earnings reserve" represents retained profits.

Notes to the financial statements

Foreign currency translation

The financial statements are presented in the company's functional currency of pounds sterling.

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 company does not itself operate either a defined contribution scheme or defined benefit scheme. However the company has been recharged pension costs for certain directors and employees from their subsidiary and these pension costs originate from a defined contribution scheme. Recharged employee costs are recognised when invoiced by the subsidiary.

Interest

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit and loss.

Notes to the financial statements

Standards and Interpretations not yet applied by the company

Standards and Interpretations applied and not yet applied by the Group

IFRS 16 'Leases' will be applicable for periods starting after 1 January 2019 and will therefore apply to the next set of accounts, commencing 31 March 2019, and all subsequent future periods. However, this company holds no leases and this standard is therefore not expected to have any impact on the company's accounts.

Adoption of New and Revised Standards

The following amendments to accounting standards and interpretations, issued by the International Accounting Standards Board (IASB), have been adopted for the first time by the company in the period with no significant impact on its consolidated results or financial position:

- Annual Improvements to IFRSs 2014-2016 Cycle
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Amendments to IAS 40 Investment Property
- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'

IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and simplifies the classification of financial assets for measurement purposes.

The company has applied IFRS 9 from 1 April 2018. There is no impact on the income statement or financial position from the adoption of IFRS 9.

Other

The company continues to monitor the potential impact of other new standards and interpretations which may be endorsed and require adoption by the company in future reporting periods. The company does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Notes to the financial statements

2 Operating loss

The company's audit fees, set at £21k (2018: £20k), are expensed through other Group companies. There were no non audit fees paid to the company's auditor.

3 Finance costs and finance income

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

	Period to 30 March 2019 £'000	Period to 31 March 2018 £'000
Interest on external debt and borrowings	(10,551)	(9,161)
Ongoing amortisation of finance fees	(1,226)	(845)
Recharged unwinding interest from Group company	(1,667)	(711)
Interest on intercompany loans	(10,753)	(10,858)
Total interest expense	(24,197)	(21,575)

Financial income comprises the following:

	Period to 30 March 2019 £'000	Period to 31 March 2018 £'000
Interest on intercompany loans	1,051	92
Recharged impairment gain from Group company	716	-
Total finance income	1,767	92

4 Employees

The company has not employed staff during the current or prior period.

5 Key management remuneration

During the period ended 30 March 2019, the directors of the company were remunerated £1,958k by the Group company B&M Retail Limited (2018: £3,042k).

Notes to the financial statements

6 Taxation

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 19% (2018 : 19%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

	Period to 30 March 2019 £'000	Period to 31 March 2018 £'000
Deferred tax charge	-	-
Tax charge	-	-
Result for the year before tax	59,461	55,421
Expected tax charge at the standard rate of tax	11,298	10,530
Effect of:		
Expenses not deductible for tax purposes	261	526
Income not taxable (including dividend income)	(15,670)	(14,820)
Adjustment in respect of prior periods	-	-
Tax rate changes	-	-
Group relief surrendered for nil consideration	4,111	3,764
Actual total tax charge	-	-

The tax credit for the period has been reduced by £4,111k (2018: £3,764k) because of losses surrendered by one group company to another. No payment for this surrender is to be made.

There is no deferred tax on the statement of financial position at the end of the current or prior period.

The company 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.

7 Investments

	£'000
At 31 March 2018 and 30 March 2019	1,051,888

The table below provides the summary of all controlled Group companies with SBR Europe being held directly and the rest of the subsidiaries held indirectly.

Notes to the financial statements

Company name	Country	Date of incorporation	Principal activity	Percent within group
B&M European Value Retail 2 S.à.r.l. (SBR Europe)	Luxembourg	Sept 2012	Holding company	100%
EV Retail Limited	UK	Sept 1996	Holding company	100%
B&M Retail Limited	UK	March 1978	General retailer	100%
Opus Homewares Limited	UK	April 2003	Dormant	100%
Retail Industry Apprenticeships Ltd	UK	June 2017	Training services	100%
Heron Food Group Ltd	UK	August 2002	Holding company	100%
Heron Foods Ltd	UK	October 1978	Convenience Retail	100%
Heron Properties (Hull) Ltd	UK	February 2003	Dormant	100%
Cooltrader Ltd	UK	September 2012	Dormant	100%
B&M European Value Retail Germany GmbH	Germany	Nov 2013	Holding company	100%
J.A. Woll Handels GmbH	Germany	Nov 1987	General retailer	80%
Jawoll Vertriebs GmbH	Germany	Sept 2007	General retailer	80%
Paminvest SAS	France	July 2010	Holding Company	100%
SAS Babou	France	November 1977	General Retail	100%
Babou Relationship Partners – BRP SAS	France	December 2012	Administrative services	100%

Paminvest SAS and their subsidiaries and Heron Food Group Ltd and their subsidiaries were acquired during the current and prior period respectively, by the group company EV Retail Limited. Retail Industry Apprenticeships Ltd was incorporated during the prior period. BestFlora GmbH was integrated into the other German Group members and was therefore disposed of during the prior year.

The registered address for each UK company is The Vault, Dakota Drive, Estuary Commerce Park, Speke, Liverpool, L24 8RJ, UK.

The registered address for each German company is Am Hornberg 6, 29614 Soltau, Germany.

The registered address for the Luxembourg company is 9, Allée Scheffer, L-2520 Luxembourg.

Babou and Paminvest are registered at 8 rue du Bois Joli, 63800 Cournon d'Auvergne.,

BRP SAS are registered at 7 rue Biscornet, 75012 Paris.

8 Trade and other receivables

	30 March 2019	31 March 2018
	£'000	£'000
Prepayments	57	55
Non-interest bearing inter-company receivables	29,332	8
Interest bearing inter-company receivables	102,508	-
VAT receivable	19	-
	<u>131,916</u>	<u>63</u>

There are no significant external balances held within receivables and as such there is no specific concentration of credit risk. See note 16 for more details on the inter-company balances. The whole balance is neither past due, nor impaired.

Notes to the financial statements

9 Cash and cash equivalents

	30 March 2019 £'000	31 March 2018 £'000
Cash at bank and in hand	13	11

As at 30 March 2019 the Group had available £93.4m (2018: £81.0m) of undrawn committed borrowing facilities which the company has access to.

10 Trade and other payables

	30 March 2019 £'000	31 March 2018 £'000
Non-interest bearing intercompany payables	90,219	15,467
Interest bearing intercompany payables	52,320	53,344
Accruals and deferred income	1,730	1,339
	<u>144,269</u>	<u>70,150</u>

Trade payables are generally on zero day terms and are not interest bearing. The directors consider that the carrying value of trade payables approximates to their fair value. For further details on the inter-company payables see note 16.

11 Financial liabilities - borrowings

	30 March 2019 £'000	31 March 2018 £'000
Non-current		
Term facility bank loans	298,102	297,288
Long-term inter-company funding	250,000	250,000
	<u>548,102</u>	<u>547,288</u>
Current		
Acquisition loan facility	78,461	-
Revolving facility loan	40,000	45,000
	<u>118,461</u>	<u>45,000</u>

The acquisition facility of €92.0m was drawn down by the company on 19 October 2018 to facilitate the purchase of Babou by the group company EV Retail Limited. It has an initial maturity date of October 2019, but can be extended at the sole discretion of the Group for up to one additional year. It is held at amortised cost with £0.9m of fees initially attributed to it. The gross amount and other details can be seen in the maturity table below.

The loan facility is directly held by the company, is held at amortised cost and was initially capitalised in February 2017 with £3.2m of fees attributed to them.

The difference in the net carrying value of the term facility bank loans, above, and the gross cash value of the facilities, shown below, is the effect of netting off the unamortised fees.

The high yield bond notes released by B&M European Value Retail S.A. raised £250.0m which was passed to the UK Entities for long term funding. As such a long-term inter-company balance arises with B&M European Value S.A. which is charged at an interest rate based upon the external interest rate for the high yield bonds modified for the expenses incurred relating to the high yield bonds during the refinancing exercise.

Notes to the financial statements

The following table shows the interest rates, maturity dates and gross cash value of each of the loans and borrowings at the period end dates. The long term intercompany funding has been assigned the same maturity date as the high yield bonds that underpin this balance as explained above.

	Interest Rate %	Maturity	30 March 2019 £'000	31 March 2018 £'000
Non-current interest bearing loans and borrowings				
UK Holdco term loan A	2.00% + LIBOR	2021	300,000	300,000
Long-term inter-company funding	4.365%	2022	250,000	250,000
Acquisition facility	1.075% (see note)	2019	78,984	-
Revolving facility loan	2.00% + LIBOR	2019	40,000	45,000

The acquisition facility interest rate varies over the course of the year. The rate shown in the table is the effective rate. The P&L charge is based upon the effective rate.

The acquisition facility has a gross value in euros, and the value above have been translated at the period end rate of €1.1648/£.

12 Share capital

The share capital of B&M European Value Retail Holdco 4 Limited consists only of £1 nominal value ordinary equity shares and each share represents one vote at the shareholders' meeting.

Authorised, allotted, called up and fully paid £'000

At 31 March 2018 and 30 March 2019 145,928

13 Reconciliation of profit before tax to cash generated from operations

	Period to 30 March 2019 £'000	Period to 31 March 2018 £'000
Profit before tax	59,461	55,421
Adjustments for:		
Interest expense	22,430	21,483
Deduct dividends received	(82,472)	(78,000)
Movement in receivables	(21)	86
Movement in payables	42	(719)
Cash generated from operations	<u>(560)</u>	<u>(1,729)</u>

14 Commitments

Capital commitments

There were no contractual capital commitments not provided within the company financial statements at both period end dates.

15 Financial risk management

The company uses various financial instruments, these include bank loans, intercompany loans, cash, equity investment, derivatives. The main purpose of these financial instruments is to raise finance for the Group's operations

Notes to the financial statements

The main risks arising from the company's financial instruments are market 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. No transactions in derivatives are undertaken of a speculative nature.

Market risk

Market risk includes fair value interest rate risk. The company'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.

Interest rate risk

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

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

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

	Basis Point increase / decrease	30 March 2019 £'000	31 March 2018 £'000
Effect on profit before tax	+50	(1,686)	(1,709)
	-50	1,686	1,709

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

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 intercompany receivables. Therefore this risk is not seen as material.

Liquidity risk

Liquidity is monitored on a group wide basis. 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 revolving credit facility. The following table shows the liquidity risk maturity of the debt held within this company.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
30 March 2019					
External interest bearing loans	128,217	8,523	304,315	-	441,055
Long term intercompany funding	10,913	10,913	260,913	-	282,739
31 March 2018					
External interest bearing loans	53,281	8,187	312,281	-	373,749
Long term intercompany funding	10,913	10,913	266,369	-	288,195

Notes to the financial statements

Fair Value

The fair value of the financial assets and liabilities of the company are not materially different from their carrying value. Refer to the table below. These all represent financial assets and liabilities measured at amortised cost.

	30 March 2019 £'000	30 March 2018 £'000
Financial Assets		
Loans and receivables		
Intercompany receivables	131,840	8
Cash and cash equivalents	13	11

	30 March 2019 £'000	31 March 2018 £'000
Financial Liabilities		
Amortised Cost		
Intercompany payables	392,539	318,810
Bank loan facilities	416,563	342,288

16 Related party transactions

The company has only transacted with related party members of the Group.

The main purpose of the transactions are to service group funding.

All funding balances are interest-bearing except where the interest receivable or payable would be Group Relieved to £nil within the same tax jurisdiction.

The Group interest rate applies to all interest bearing intercompany funding since the refinancing in June 2014. The rate has been set on an arm's length basis based upon the marginal cost of borrowing available to the company from external sources. The balance with B&M European Value Retail S.A. includes an element of long term funding, as discussed in detail within note 11.

There have also been recharges in the prior and current year in relation to a deferred consideration balance held by EV Retail limited. These are incurred in EV Retail as the direct parent of the subsidiary to which this amount relates, but recharged to the company on the basis that the company is responsible for corporate matters in the UK and acts as a UK holding company in terms of financing and acquisitions. The amounts are included in the intercompany finance income and expenses disclosures below.

The expenses and income recognised in the statement of comprehensive income were as follows:

	Period ended 30 March 2019 £'000	Period Ended 31 March 2018 £'000
Intercompany finance income		
SAS Babou	64	-
EV Retail Limited	716	-
Heron Foods Limited	208	49
J.A. Woll Handels GmbH	223	43
Paminvest SAS	556	-
Total intercompany finance income	1,767	92

Notes to the financial statements

	Period ended 30 March 2019 £'000	Period Ended 31 March 2018 £'000
Intercompany finance costs		
B&M European Value Retail S.A.	(10,726)	(10,829)
B&M European Value Retail 1 S.à r.l.	(15)	(7)
B&M European Value Retail 2 S.à r.l.	(12)	(22)
EV Retail Limited	(1,667)	(711)
Total intercompany finance costs	<u>(12,420)</u>	<u>(11,569)</u>

EV Retail limited also recharged the company £79k in relation to acquisition costs during the year (2018: £988k).

The inter-company balances at the year end are given below.

	30 March 2019 £'000	31 March 2018 £'000
Non-interest bearing intercompany receivables		
B&M European Value Retail Holdco 1 Limited	3	3
B&M European Value Retail Holdco 2 Limited	3	3
B&M European Value Retail Holdco 3 Limited	2	2
EV Retail Limited	29,324	-
	<u>29,332</u>	<u>8</u>

Interest bearing intercompany receivables

B&M European Value Retail 2 S.à r.l.	247	-
SAS Babou	9,535	-
Heron Foods Ltd	11,000	-
J.A. Woll Handels GmbH	35,900	-
Paminvest SAS	45,826	-
	<u>102,508</u>	<u>-</u>

	30 March 2019 £'000	31 March 2018 £'000
Non-interest bearing intercompany payables		
B&M Retail Limited	(90,219)	(7,296)
EV Retail Limited	-	(1,699)
B&M European Value Retail 2 S.à r.l.	-	(6,472)
	<u>(90,219)</u>	<u>(15,467)</u>

Interest bearing intercompany payables

B&M European Value Retail S.A. (Bond)	(250,000)	(250,000)
B&M European Value Retail S.A. (Current)	(51,621)	(52,081)
B&M European Value Retail 2 S.à r.l.	-	(934)
B&M European Value Retail 1 S.à r.l.	(699)	(329)
Total	<u>(302,320)</u>	<u>(303,344)</u>

There have been no guarantees provided or received for any related party receivables or payables. The company has not recorded any impairment of trade receivables relating to amounts owed by related parties at either period end.

Tax has been group relieved within the company in the prior period for nil consideration, see note 6. Key management have been remunerated by another Group company, see note 5.

Notes to the financial statements

17 Dividends

In March 2019 the company received and made dividends totalling £76.0m. In February 2019 the company received dividends of £6.5m.

In the prior year, in November 2017 and March 2018 the company received and made dividends totalling £23.0m and £55.0m, respectively.

All dividends paid were to the owner of the company, B&M European Value Retail Holdco 3 Ltd.
All dividends received were from the 100% owned subsidiary B&M European Value Retail 2 S.à r.l.

18 Capital management

Capital is managed at a group level rather than at an individual entity level. The Group is consolidated within the statutory accounts for B&M European Value Retail S.A.

19 Subsequent events

There have been no material events between the balance sheet date and the date of issue of these accounts.

20 Contingent liabilities and guarantees

As at 31 March 2019 and 30 March 2018, 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 £419m for the loans (2018: £345m), with the balance held in B&M European Value Retail Holdco 4 Ltd, and £250m (2018: £250m) for the notes, with the balance held in B&M European Value Retail S.A.

As at 31 March 2018 and 30 March 2019, 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 £13m (2018: £16m) with the balance held in Heron Foods Ltd.

The companies described above are all within the overall consolidated Group that contains this company.

21 Ultimate parent company

The company is a fully owned subsidiary of B&M European Value Retail Holdco 3 Limited, a company incorporated in the UK with number 08309890.

The ultimate parent company and controlling party is B&M European Value Retail S.A a company incorporated in Luxembourg. B&M European Value Retail S.A. listed on the London Stock Exchange in June 2014, and produces consolidated accounts on behalf of the Group which includes the fully consolidated results of this company.