Delivering what customers want

b&m

BIG BRANDS, BIG SAVINGS

B&M EUROPEAN VALUE RETAIL S.A.
ANNUAL REPORT AND ACCOUNTS

2018

BIG BRANDS, BIG SAVINGS

VALUE RETAILING

CUSTOMER COPY

BIG SAVINGS
GREAT VALUE
GENERAL MERCHANDISE
GROCERY, CHILLED & FROZEN
VARIETY & SEASONAL PRODUCTS
CONVENIENT LOCATIONS

See page 8 for our business model

TOTAL: HAPPY CUSTOMERS

FOR MORE INFORMATION ON INVESTOR RELATIONS VISIT WWW.BANDMRETAIL.COM

OR

FOR OUR CUSTOMER WEBSITE VISIT WWW.BMSTORES.CO.UK

We provide our customers with great value right across all product ranges at our B&M, Jawoll and Heron Foods stores, so they keep coming back to our stores again and again for a rewarding and exciting shopping experience.

The B&M Group is a fast growing variety goods value retailer with stores operating in the UK and Germany. Our Group includes:

- the B&M general merchandise and grocery stores, with a chain of 576 stores throughout the UK;
- the Jawoll general merchandise and grocery stores, with a chain of 86 stores which are predominantly in the North-West of Germany; and
- the Heron Foods convenience stores, with a chain of 265 stores which are predominantly in the North of England.

At all of our B&M, Jawoll and Heron Foods stores we offer customers leading branded products at compelling prices so they receive great value every time they shop with us and their shopping budgets go that bit further.

Highlights

Financial highlights

Group revenues[1]
£3,029.8m
+24.6%
2017: £2,430.7m

Profit before tax[1]
£229.3m
+25.4%
2017: £182.9m

Group revenues (52 weeks)[2]
£2,976.3m
+22.4%
2017: £2,430.7m

Adjusted EBITDA (52 weeks)[2]
£279.0m
+18.8%
2017: £234.9m

Cash generated from operations[1]
£242.0m
+14.8%
2017: £210.9m

Diluted earnings per share[1]
18.6p
+30.0%
2017: 14.3

Store highlights

UK store estate
+7.3%

B&M Stores
- 39 net new B&M stores opened, growing the estate by 7.3% to 576 stores in the UK.
- Strong pipeline of new stores and on track to achieve between 40 and 45 net new UK store openings in FY19.

Germany store estate
+14.7%

Jawoll Stores
- 11 net new Jawoll stores opened, growing the estate by 14.7% to 86 stores in Germany.
- Strong pipeline of new stores and on track to achieve 10 net new German store openings in FY19.

+3.5%

Heron Food Stores
- 9 net new Heron Food Stores opened since acquisition, growing the estate by 3.5% to 265 stores in the UK.
- Strong pipeline of new stores and on track to achieve between 15 and 20 net new UK store openings in FY19.

1 Each of these items are 53 week figures. See also footnote 2 below.
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 21 for further details. EBITDA represents profit on ordinary activities before net finance costs, taxation, depreciation and amortisation. Unless otherwise stated the figures presented in the strategic report are for the 52 weeks ended 24 March 2018, which is comparable with the previous year rather than the statutory reported 53 week period. Notes: (i) Group revenues in the year on a 52 week basis were £2,976.3m and on a statutory 53 week basis were £3,029.8m, (ii) the Group's Adjusted EBITDA on a 52 week basis was £279.0m and it was £283.3m on a 53 week basis, and (iii) the Group's Adjusted Profit Before Tax on a 52 week basis was £221.5m and it was £224.8m on a 53 week basis. The statutory 53 week period profit before tax was £229.3m.

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Company overview

A fast-growing value retailer

We are a growth business operating in markets where our overall market share is small compared with specialist merchandise retailers and grocery retailers, which means we have a big opportunity for continued expansion right across our B&M, Jawoll and Heron Foods businesses and store estates.

POSITIONED FOR GROWTH[1]

UK stores

576 B&M stores in the UK 2018

See page 16 for more information

52 weeks

Revenue	Employees
£2,566.0m +13.9%	26,496 +8.0%

Adjusted EBITDA	New locations
£261.7m +17.2%	39 +7.3%

Region	B&M	Heron Foods
Scotland	65	–
Northern Ireland	30	–
North East & Yorkshire	100	122
North West	110	70
Midlands	105	67
Wales	38	5
South East/ East Anglia	89	1
South West	39	–

265 Heron Food stores in the UK 2018

See page 18 for more information

34 weeks

Revenue	Employees
£210.0m	3,956

Adjusted EBITDA	New locations
£11.7m	9 +3.5%

Germany stores

86 Jawoll stores in Germany 2018

See page 13 for more information

52 weeks

Revenue	Employees	Germany
£200.3m +12.3%	1,581 +4.4%	86

Adjusted EBITDA	New locations
£5.6m -51.9%	11 +14.7%

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. Each of the financial figures above are for the 52 weeks ended 24 March 2018, which is comparable with the previous year rather than the statutory reported 53 week period for B&M.

New products every week

c.100

BIG BRANDS, BIG SAVINGS

PRODUCT CATEGORIES

HOME FURNISHINGS & ADORNMENT
ELECTRICALS
TOYS
CLOTHING & FOOTWEAR
HOUSEHOLD GOODS
HEALTH & BEAUTY
FOOD
CONFECTIONERY
SOFT DRINKS
ALCOHOL
SEASONAL GOODS
GIFTWARE
STATIONERY & CRAFTS
GARDENING
OUTDOOR & LEISURE
PETCARE
DIY & DECORATING
TRAVEL ACCESSORIES

TOTAL: VARIETY GOODS

KEEP AN EYE OUT FOR FROZEN FOOD IN A STORE NEAR YOU

See page 12 for more information

SOMETHING FOR EVERYONE

Product range

In our B&M, Jawoll and Heron Foods stores we provide customers with a limited assortment within each of our product ranges so they can access the best-selling items at value retail prices. Our products are mainly sourced direct from manufacturers and leading brand household names. The combination of this gives our customers the goods they want at the prices they want. This is what we achieve through the successful execution of our business model. The same approach applies to our bargain stores, homestores and convenience stores in all of our three value retail businesses.

Our brands

Our UK bargain and homestores for general merchandise and grocery trade under the B&M brand in both in-town and out-of-town retail park store formats throughout the UK.

Our convenience stores for frozen, chilled and ambient food and convenience merchandise ranges trade under the Heron Foods brand and are located in local shopping streets and shopping parades predominately in the North of England.

Our stores in Northern Germany for general merchandise and grocery trade under the Jawoll brand in both in-town and out-of town retail park store formats.

HAPPY CUSTOMER

"Today when I bought a dining set the team were really helpful and friendly, they even helped to pack the items in the car. Brilliant staff."

Julie Wood
B&M Customer, Wakefield

Chairman's statement

A year of excellent progress

"B&M's growth trajectory has continued with the business once again delivering strong increases in revenues, profits and cash generation."

Group revenues (52 weeks)[1]

£2,976.3m
+22.4%
2017: £2,430.7m

Adjusted earnings per share (52 weeks)[1]

17.8p

2017: 14.9p

Having succeeded Sir Terry Leahy as Chairman on the first of March this year, I am delighted to be able to report to shareholders on another year of excellent progress for B&M. In a retailing industry which has been struggling to cope with profound structural change, significant cost headwinds and subdued consumer demand, B&M's growth trajectory has continued, with the business once again delivering strong increases in revenues, profits and cash generation.

I am pleased to have joined a company enjoying such success and which has clear potential for profitable long-term growth in its chosen markets. The B&M model is simple, robust and highly relevant for the current economic environment. While the pervasive influence of the internet is fundamentally altering how we shop, in two large and growing areas of retailing, being value and convenience, physical stores remain strong and I believe B&M is well-positioned to benefit in the coming years from the strength of these trends.

In the last few months I have had the opportunity to see all the key parts of the business and meet many people in stores, distribution centres and offices across the Group during a very enjoyable and comprehensive induction programme. A very talented, committed executive team is in place and I have also inherited an able group of Non-Executive Directors with a diverse range of backgrounds and experience. With corporate governance requirements changing and the continued growth in the Company we will evolve and develop the skills, experience and diversity of the Board and executive team in the coming years.

On behalf of the Board I would like to express my thanks to Sir Terry Leahy who, during his tenure as Chairman, put in place a robust and effective corporate governance structure as well as contributing his outstanding business acumen to B&M during a critically important phase of its development. David Novak also retired from the Board earlier this year, having made a valuable contribution to the business since Clayton Dubilier & Rice ("CD&R"), the private equity majority investor in B&M at the time of the IPO, bought a substantial stake in the business in 2013. CD&R sold their residual shareholding in B&M in January this year, bringing to an end a very positive and beneficial partnership with the Group.

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.

Peter Bamford
Chairman

INVESTMENT PROPOSITION

Market position

B&M is the fastest growing general merchandise value retailer in a structurally growing sector in the UK with 576 stores. The Group has also entered the value convenience retail market with its acquisition of Heron Foods in August 2017, which now has 265 convenience stores.

See page 6 for more information

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 grocery purchases at our stores.

See page 8 for more information

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. Heron Foods has given the Group a platform for growth in the value convenience sector and with Jawoll we are developing the model for realising the significant potential which exists in Germany and other European markets in the longer term.

See page 16 for more information

Financial returns

Our Group 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 2018 it has generated a total shareholder return of over 58% (see further on page 53 below).

See page 20 for more information

Difficult economic times and tough trading conditions in the broader retail sector provide challenges but also opportunities. The Group successfully acquired Heron Foods in August 2017, providing it with the platform to broaden B&M's product offer into chilled and frozen foods as well as adding another arm of growth in the strategically attractive value convenience sector for the Group. Heron Foods is an excellent fit with B&M and we are delighted with progress to date. In the general merchandise market, weaker retailers are exiting the industry and some are downsizing, freeing-up pockets of market share in key categories and making available attractive store assets, a number of which fit our new store locations and selection criteria. We will continue to take advantage of these opportunities as they arise.

In the Group's German business Jawoll, we are pushing ahead in 2018/19 with a rapid pace of change under an experienced new management team, as we move its operating and product sourcing model much closer to the B&M approach. In doing so, we are learning in Germany how to apply the B&M business model in other countries in the future, as we believe we are only in the foothills of the emergence of a large, profitable general merchandise value retailing sector across Europe in the years ahead.

I would like to take this opportunity to thank all of our shareholders for their support and all of the people who work so hard for B&M to deliver great value for our customers each day.

Peter Bamford
Chairman
29 May 2018

Market overview

Well positioned in our markets

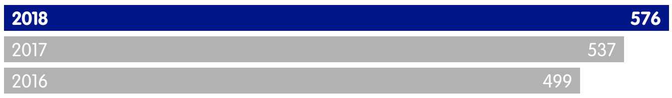
Each of our businesses remain well positioned for further continued expansion in the UK and Germany in the years ahead.

EXPANSION POTENTIAL

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 less than 1%. There are a significant number of catchments which still do not have easy access to a B&M store. We believe that a store target of 950 B&M fascia stores overall in the UK is achievable.

B&M stores

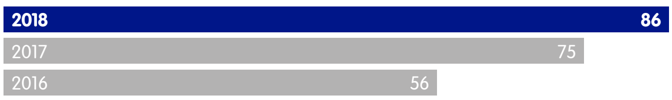
576



The German retail market had store-based retail value sales of over c.€400 billion in 2017[1]. The general merchandise value retail market remains fragmented in Germany and there are no variety goods retailers operating successfully on a national scale. Given both the size of the German market and the small market share that Jawoll has, we believe we have the opportunity to expand both within its core regions and also outside those regions.

Jawoll stores

86



Heron Foods operates in the convenience sub-sector of the c.£160 billion UK Grocery market in 2017[1]. Convenience is one of the areas of growth in grocery retailing in the UK. Heron Foods brings an attractive value proposition to this market which has been primarily based otherwise on premium pricing by other retailers.

Heron Foods stores

265

At 31 March 2018

UK Market Segments

The UK market is broadly split into two main segments, comprising general merchandise specialist retailers and grocery retailers. Both segments are also occupied by value retailers and discounters. We believe we are a leading player among those value retailers and discounters who compete in these two main segments.

UK General Merchandise[1]

Specialist retailers, which include apparel, electronics, health and beauty, home and garden, leisure and department stores, had total store-based retail value sales of around £130 billion in 2017. General merchandise value and discount retailers, which principally include retailers that focus on a discount price model (including those that specialise on fixed prices, but excluding grocery retail) had total store-based retail value sales of over £7.0 billion in 2017.

UK Grocery[1]

Grocery retailers account for the largest segment with total store-based retail value sales of over £160 billion in 2017. In the grocery segment, we focus mainly on ambient grocery products including confectionery, soft drinks, and canned food as well as cleaning and toiletries. Within the UK grocery market there is also a convenience retail sub-sector which Heron Foods operates in.

German Market[1]

The German retail market is broadly split into three main segments, being grocery retailers, specialist retailers, and general merchandise value and discount retailers. Grocery retailers in Germany had total store-based retail value sales of around €200 billion, and specialist retailers in Germany had total store-based retail value sales of around €210 billion in 2017.

Jawoll principally competes in the German general merchandise value and discount segment with only a limited range of grocery lines, thereby differentiating itself from the highly competitive grocery discount channel dominated by Aldi and Lidl. Jawoll's strength in seasonal goods, household goods and gardening products differentiate it from other non-grocery value and discount retailers also. As part of B&M's Group this provides Jawoll with the opportunity to expand the breadth of its non-grocery range, as well as potentially developing its producer branded grocery and FMCG offering.

1 Figures are based on management estimates having regard to the size of the relevant market also in the previous year.

CUSTOMER APPEAL

The customer mission at a B&M store includes customers who are going for a specific destination purchase but who then often buy additional impulse products during store visits. This is supported by the constant refreshment of the ranges and introduction of new products in our stores.

DESTINATION PURCHASE

PROFILE

As part of the shopper mission, we believe the customer regards B&M as a destination store across our full range of product categories and based upon our own research c. 80% of customers visits are planned. For some customers the targeted grocery offer at competitive prices is their main reason to visit our stores, while for other customers the need to buy general merchandise at great value prices (for example kitchen and home or DIY and garden wares, seasonal goods at Christmas, Halloween and Easter or toys for children's birthday's) is their main reason to visit.

IMPULSE BUYING / TREASURE HUNT

PROFILE

Once the destination customer has completed their primary shopper mission, the mission then changes as they then also see the broad choice of other products at great value prices, leading to a "treasure hunt" which is the opportunity for B&M to increase its basket size of sales. From research we conducted, although c.80% of customers come to our stores for a destination purchase, when the basket is analysed nearly 50% of purchases are impulse buys.

NEW PRODUCTS

PROFILE

A key part of our B&M product offering relates to the number of new products which are introduced into our B&M UK stores each week. We average around 100 new products per week predominately within our general merchandise categories, but while still maintaining the discipline of our limited assortment model. The number of new products introduced gives the customer a reason to visit the store frequently while limited lines remain available and to see what's new as well. Last year we averaged 4.1 million customer transactions a week across the B&M UK store estate.

Business model

Value retailing

B&M is a value retailer with stores across the UK and in Germany, selling a limited assortment range of general merchandise and grocery products.

INPUTS– STRENGTHS

Modern store network
Our network of over 900 well-located and well-invested stores, mostly acquired or built in the last 10 years, are in convenient locations in high streets, popular district centres or modern retail parks close to where people live. They are easy to get to and easy to shop for customers.

Well-invested infrastructure
We have a modern supply chain and scalable systems infrastructure to support the operations and growth of the business. In the last few years we increased our distribution centre operations with the commissioning of two large new further distribution centres, providing us with an additional 800,000 sq ft of distribution centre capacity.

Strong & growing brand reputation
The B&M brand in the UK and Jawoll in North-Western Germany each have a strong and growing reputation for delivering consistently great value, innovation and newness on the things people buy regularly for their homes and families and that is what keeps customers coming back to our stores week-in, week-out.

Skilled buying teams & lasting supplier relationships
Keeping our ranges at the leading edge of value as well as fresh and on-trend takes skill, experience and discipline. It is also about developing and maintaining strong long-term supplier relationships, and many of our suppliers have grown with us over many years.

OPERATION

1

Targeted grocery offering
We offer a targeted range of branded convenience grocery products at competitive prices which are located at the front of each B&M store, which delivers great value to our customers. The offer is complementary to, rather than a substitute for, a customer's weekly grocery shop. We enjoy long standing relationships with many global FMCG suppliers ensuring consistency of supply and delivery.

2

Compelling non-grocery offer
We sell non-grocery products across a broad range of product categories including housewares, electrical, gardening, toys and petcare. This broad choice of general merchandise at great value encourages a "treasure hunt" browsing experience, which is something customers enjoy and also offers us the opportunity to drive average transaction values.

3

Disruptive sourcing process
Our direct sourcing process is a key element of our ability to offer non-grocery products at competitive or disruptive prices without compromising on product quality. Our buying teams are constantly monitoring the prevailing consumer trends. We invest in our in-house design capability to develop new products and designs, which we then source directly from factories in the Far East without the need for a Far East exporter or UK distributor in the supply chain, ensuring we benefit from advantageous cost prices.

4

SKU discipline
We maintain a disciplined approach to SKU's ("Stock Keeping Unit"), focused on the "best sellers" only. This focus and hence volume for the selected SKU creates buying power and allows us to benefit from advantageous buying terms. This SKU discipline also ensures that our buying teams adopt a "clear as you go" markdown strategy since we aim to sell through an under-performing SKU prior to introducing a new product into the range.

Adjusted EBITDA (52 weeks)[1]

£279.0m

2017: £234.9m

Corporate social responsibility
In relation to our supply chain & ethics see page 34 for more information

Risk management
In relation to our principal risks and risk mitigations see page 27 for more information

Sustainability
In relation to our environmental sustainability see page 36 for more information

5
Seasonal flex
We actively change our store floor space throughout the year so the product offering is aligned to seasonal trading patterns. The seasonal space is typically 20% of the store footprint and in the Spring/Summer season we offer a compelling range of garden and outdoor living products, whereas in the Autumn/Winter season this space is occupied by ranges of toys and Christmas decorations. This allows us to minimise seasonal low trading periods, unlike single category specialist retailers.

6
Format flexibility
We are able to successfully trade from both town centre and out-of-town locations. The town centre stores are well positioned to benefit from convenience shopping and have a greater emphasis on grocery and FMCG products, whereas the out-of-town stores carry the full product offering. This flexible approach ensures we have the ability to open new stores in a wide range of locations and that new store growth is not inhibited.

7
Cost efficiency
The adherence to a low cost discipline is key to ensuring we can maintain a price advantage over our competitors. We do not seek to open stores in prime shopping centres or prime city centre locations where there is more demand for retail space. We are therefore able to maintain a low store rent base. Our limited SKU discipline ensures that variable operating costs as a percentage of sales can be tightly controlled. We pass the savings from our low cost model to our consumers in the form of everyday low prices.

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.

Financial performance
In relation to our financial performance see page 20 for more information

BIG BRANDS, BIG SAVINGS

CREATING STAKEHOLDER VALUE

HAPPY CUSTOMERS
Our key focus is on creating value for customers. B&M and Jawoll are about helping our customers spend less on the things they buy regularly for their homes and families; that's what the B&M business model is designed to deliver consistently whatever the broader economic outlook.

VALUED EMPLOYEES
Our people are vital to the delivery of the B&M and Jawoll offer for customers and our growth provides job opportunities in the communities where we trade. Also importantly, there's plenty of scope for everyone to get on and build a career in our businesses as they continue to expand at a significant rate.

RESPECTED PARTNERS
Growth is not just good for B&M and Jawoll, but it's very good for our suppliers, many of whom have been with us for a number of years, being well-known brands, or more recently as partners with us in the development of exclusive and other branded product ranges.

COMMITTED INVESTORS
Creating value for our other stakeholders is an essential underpin to creating shareholder value for investors. B&M's characteristics of low capital-intensity and high returning cash generative growth, is a relatively rare and powerful combination in retailing today.

TOTAL: SUSTAINABLE BUSINESS MODEL

Strategy

Long-term focus for our Group

Our strategy is about delivering long-term success through our continued expansion.

INITIATIVES

Deliver great value to our customers

We continue to offer our customers attractive prices and excellent value for money across our ranges of both general merchandise and grocery. We also look to introduce new product categories where there is strong consumer demand, whilst still maintaining our limited assortment model.

Within our grocery areas our emphasis is on leading brands at Every Day Low Prices. Within our general merchandise areas we look to develop our licensed branded products and maintain our strategy of direct sourcing of those products whenever we can.

Develop our international business

We wish to replicate our variety goods value retailing model in other markets in Europe.

Since April 2014 the Group has owned a majority stake in Jawoll in Germany. We are now accelerating the integration of the Jawoll business into our sourcing and retail formats in order to prepare it for expansion opportunities.

Invest in new stores

We believe B&M has the potential for at least 950 stores in the UK over the long term and to significantly increase both our German store estate and our UK convenience store chain following the acquisition of Heron Foods, over the years ahead.

Invest in our people and infrastructure

The Group continues to invest in the recruitment and the promotion of colleagues as new store expansion continues in both the UK and Germany.

We continue to refresh our existing stores through an ongoing refurbishment programme across our estates in the UK and Germany.

Our continuing expansion means we plan ahead to ensure we have sufficient warehouse infrastructure to meet our store roll-out strategy.

PROGRESS

Following the acquisition of Heron Foods, in the B&M estate we have started to introduce ranges of frozen and chilled products in a number of selected stores.

We have introduced additional brands into our stores, including Lego and Playmobil as well as continuing to expand our brands in the general merchandise product categories.

We have increased the development of our direct to retail licensing model to more product lines and categories in the year, where we use a number of heritage brands to enhance the product quality and value to the customer.

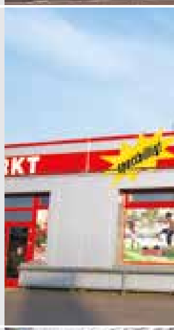
See page 12 for more information

Jawoll opened 12 new stores (11 net of 1 closure) by organic growth, taking the store estate to 86, representing a 14.7% increase in its store estate.

The Christmas ranges of Jawoll which were bought through the B&M supply chain performed well in the Christmas trading period.

In order to accelerate the changes in FY19 at Jawoll to replicate the UK model in Germany, we have strengthened the Jawoll senior leadership team with the recruitment of a new CEO in Germany, supported also by new Operations and Buying Directors.

See page 14 for more information



In the B&M business we have opened 47 new stores in FY18 (39 net of closures and relocations), including both vacant existing properties and new build stores.

In our convenience store chain, Heron Foods, we have opened 15 new stores (9 net of closures and relocations) since we acquired the business in August 2017.

In Germany our new store expansion in the year was 11 net new stores (see further above).

See page 16 for more information

In the Group we created approximately 1,200 new jobs.

We have acquired the land for a new 1 million sq ft UK warehouse based in the South of the UK, which will have capacity for at least a further 300 stores including frozen and chilled food storage capability.

We have continued to refresh our existing store estate and we invested £18m across the Group in maintenance capital expenditure as part of a rolling programme of continuous investment in the Group's store estate in FY18.

See page 32 for more information

PERFORMANCE

UK revenue growth (52 weeks)[1]

+13.9% B&M

+23.3% Total UK

UK like-for-like sales growth[2]

+4.7%

See page 20 for more information

Germany revenue growth

+12.3%

See page 20 for more information

UK gross new store openings

47 B&M

15 Heron Foods

See page 13 for more information

New colleagues across the Group (including Heron Foods)

+19.5%

See page 14 for more information

FUTURE AIMS

We always aim to provide great value products to our customers and concentrate on best-selling lines of branded and private label products.

We will have rolled-out the frozen and chilled food ranges to around 80 B&M stores in FY19.

We will continue to invest in modernising and refitting our store estate to provide our customers with a pleasant shopping experience and a safe environment.

We plan to accelerate the rate of products sourced for Jawoll through the B&M supply chain in FY19.

We plan to grow our store estate in Germany through organic store openings by c. 10-15% of store numbers per annum, as well as looking for in-fill acquisition opportunities.

We continue to look for acquisition opportunities in other European countries where we believe the business could provide a platform to roll-out the B&M model in those locations, and where we believe the capital invested will provide an acceptable level of return.

We have a UK target to grow our B&M estate to at least 950 stores. We currently have 576 stores and we are targeting to open 40-50 stores per annum, dependent on the availability of suitable locations.

While we have not provided a store target for our Heron Foods convenience store chain, given the geographical representation of Heron Foods, there is the opportunity to grow the store estate by around 10% per annum.

We plan to have completed the construction of the Southern distribution centre and for it to be operational by Spring 2020.

Additionally, investment will be made in the HGV fleet and our IT systems to ensure we continue to have a fit for purpose infrastructure.

We will continue to invest to ensure that we have appropriate training and processes to attract, retain and incentivise colleagues, as well as continuing to invest in strengthening the management team and the central head office functions of each of the businesses in the Group.

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. Group revenues in the year on a 52 week basis were £2,976.3m and on a statutory 53 week basis were, £3,029.8m.

2 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.

Chief Executive Officer's review

Customers always like great bargains

"Making our offering accessible to the hundreds of communities which do not already have one of our stores remains a top priority for us."

Overview

In a retail industry which is undergoing profound structural change, B&M continues to prosper. In part, this is because our model is one of those disruptive changes to the old order which are fundamentally reshaping the industry. Of the three key trends in modern retailing; the growing importance of the internet, the rapid expansion of the value retail sector and the increasingly pervasive presence of convenience retailing, B&M is participating in two of these three main trends as customer shopping habits evolve. We are already the UK's leading general merchandise value retailer and, with the successful addition of Heron Foods to the Group, we have also become a participant in the growth of the convenience sector.

While we keep the option under review, and we are increasing our investment in digital marketing, we have chosen not to participate in online retailing principally because we believe it would add significant costs to our low cost model and also because, in general, the products and the ways in which our customers buy from us simply do not lend themselves to transacting online. For more than a decade now, B&M has been able to grow rapidly alongside the increasing influence of the internet on the wider retail sector and I am confident that, given the uniquely competitive nature of our model, we can continue to do so.

Strategic development

B&M's strategy for driving sustainable growth in revenues, earnings and free cash flow has four key elements and the business has made further progress during the year with each of these priorities:

1. Delivering great value to our customers;
2. Investing in new stores;
3. Developing our international business; and
4. Investing in our people and infrastructure.

Delivering great value to our customers

Our business model is all about delivering great value to customers week-in, week-out on the things they buy regularly for their homes and families. Our broad product category coverage means that they have plenty of reasons to keep coming back regularly to our stores. We sell a wide but disciplined range of only the best-selling products, in areas from food to DIY and from homewares to stationery, at everyday low prices which are consistently and significantly below those offered by both specialist and general retailers.

Profit before tax

£229.3m

+25.4%

2017: £182.9m

Simon Arora
Chief Executive Officer

↑ Heron Foods acquisition
We acquired Heron Foods, a value convenience store retail business, in August 2017. At the end of the 2017/18 financial year, Heron Foods had 265 stores predominately based in the North of England.

See page 18 for more information

With inflation having returned to the UK retail sector last year, spurred by the devaluation of Sterling particularly against the US Dollar in the Summer of 2016, and with shoppers noticing prices increasing in their usual stores, many new customers have come to B&M over the last 18 months, either because they enjoy a bargain or because they need a bargain. B&M has tried hard to mitigate the impact of the rising cost of imported products on prices in its stores and, as a result, customers have continued to reward B&M, either by shopping with us for the first time or by buying more from us when they visit.

Newness in our ranges is an essential feature of B&M's customer appeal. Our ranges are constantly changing so that customers can always find something new and different on our shelves. We are also an increasingly seasonal retailer and flex a significant proportion of our in-store space in the course of a year. For example, some 20% of a typical store's space will be given to toys and Christmas decorations from October to December and to garden and outdoor leisure products from March to August. In these categories, our ranges and prices are seen by customers as powerful reasons to visit our stores and they have become destination categories for B&M.

We saw a good performance in the 2017 Spring/Summer garden and outdoor leisure season. Frustratingly, our 2018 Spring/Summer ranges have seen a slow start due to the exceptionally cold March weather. The disappointing fourth quarter held back what would have otherwise been a very strong second half. The Christmas seasonal period was particularly strong in the year, and it was particularly pleasing to see solid like-for-like revenue growth in the third quarter on top of the outstanding performance achieved in the prior year. DIY and pet care also saw strong growth during the year alongside the continued outperformance of our food and grocery categories.

Investing in new stores
Making our offering accessible to the hundreds of catchments which do not already have one of our stores remains a top priority for us. In the UK we opened 47 new B&M fascia stores and, net of 8 relocations and closures, we finished the 2017/18 financial year with 576 B&M stores.

Taking advantage of a limited number of opportunities to relocate older, smaller, lower contribution stores, which are coming to the end of leases, with larger, modern, high contribution stores is now a regular part of B&M's expansion programme. There are still a relatively small number of stores in our portfolio for which such a relocation would be an attractive alternative to a lease renewal.

The performance of the latest cohort of new stores continues to be excellent, reinforcing our confidence in the strong returns available from the long-term opportunity we see for B&M to expand to a network of at least 950 B&M fascia stores across the UK in the years ahead.

With the acquisition of Heron Foods in August 2017, the Group purchased a second UK format and fascia for expansion. With its roots in the North of England and with a high returning store model, Heron Foods has significant scope for expansion outside its heartland region, just as B&M itself did a few years ago. At the moment Heron Foods is pursuing an organic expansion programme of 15 to 20 new stores per annum until the Group's large new Southern distribution centre in Bedford, which will have multi-temperature chambers, comes on stream in 2020. This new capacity will enable an acceleration in Heron Foods' rate of store expansion across a broader geography in the future, subject of course to availability of attractive sites.

In Germany, Jawoll is continuing to expand with 12 new stores opened during the financial year (being 11 net after one relocation). This was a slower rate of expansion than originally planned, reflecting the priority of the new management team in Germany which, for the time being, is focused instead on the accelerated transition of Jawoll's operating and product sourcing model to become much closer to that of B&M's in the coming months.

Chief Executive Officer's review continued

Developing our international business
From a strategic perspective, we see the long-term opportunity for the development of a pan-European general merchandise value retail sector in the years ahead, mirroring the structural shift that has taken place in North America over the last few decades, as being very exciting. Multi-country retail formats are beginning to emerge in Europe and we believe the B&M model can be one of these.

Our German business, Jawoll, has had a challenging year in which we saw its Adjusted EBITDA[1] fall by 52% to £5.6m (2017: £11.7m). Initially, the poor seasonal weather in the first half of the financial year heavily impacted the plant and gardening ranges, which are a key strength and footfall driver of the business. The end of the year was also challenging following the snow and cold weather spells in March having a similar negative effect on the important Easter start to the gardening season. There has also been some natural disruption arising out of the transitioning from the previous management team led by the minority shareholder to a new team which has been appointed by the Group. The new team is tasked with accelerating the transition from the previous business model to the B&M model.

We are learning the lessons of not applying sooner in Germany the twin aspects of the B&M model which allow it to be so disruptive in the UK, being in particular a limited, highly disciplined product assortment and a high proportion of general merchandise sourced direct from factories in Asia. Consequently, the pace of change picked up in the final quarter of the year driven by a desire to clear older stock ahead of a substantial increase in the proportion of Jawoll's product offer being sourced through B&M's supply chain in the months ahead. These significant changes will continue to disrupt Jawoll's performance in the first half of this financial year but we anticipate improvement beginning to come through as the year progresses. We are targeting a return to profit growth by Jawoll in the current financial year, weighted towards the second half of that period.

Investment in our people and infrastructure
Investing ahead of growth in the capability of our teams and in the key infrastructure we need to support growth, continue to be high priorities.

At store level, we recognise that the highly delegated style of our store ordering makes the development of our store teams a priority. We pride ourselves on our store learning and development teams, with a Step-Up Programme to develop talent for the future as we continue to grow our store network. Across our business, we recognise the importance of recruiting talented colleagues. We are helped in this regard by our status as a retailer with strong growth, and a business therefore where personal development and career opportunities are fully available. For example, we take pride in the fact that the strong majority of our Store Managers and Deputy Managers are internal appointments and promotions.

In terms of infrastructure, we have taken significant strides in the UK to prepare the business for further expansion. We are continuing to roll-out our new warehouse management system to our largest distribution centres, having trialled the system in a single distribution centre last year. Where we have implemented the new system it has improved both picking accuracy and productivity in our supply chain logistics.

We have also now obtained consents for a major new 1m sq ft distribution centre for the South of the UK, in Bedford. When complete, this new facility will provide sufficient additional capacity to support our expanding store network for the foreseeable future, both for B&M itself and for Heron Foods as it builds up its own network from its heartland in the North of England. The costs of running the new centre will be largely funded by the reduced mileage cost incurred by our lorry fleet which is currently servicing our stores in the South from our existing facilities in the North-West. We also ultimately intend, when the facility has been built and commissioned, to enter into a sale and leaseback which will release the capital we have invested in it.

Corporate social responsibility

B&M's presence in local towns and communities helps to create new jobs each time we open a new store and it extends our reach to more new customers who want or need a bargain on everyday purchases for their households. This helps limited spending budgets go further. Our Heron Foods and Jawoll stores similarly serve the communities in which those stores are located and where new ones are opened each year. We also recognise the important part we have to play in relation to other aspects of our operations and their impacts in relation to colleagues, suppliers, the wider community socially and the environment. Some of the points I would like to highlight this year include:

- the creation of 1,200 new local jobs in the UK and Germany together, mainly through our store expansion;
- the development and training of our own talent through our Step-Up Programme promoting 194 colleagues to B&M Deputy and Store Manager positions;
- the adoption of a new diversity policy under which we plan to bring forward female candidates to build further on our gender mix on the Board and the executive management committee in the future;
- our recycling of high levels of supply chain waste, with 99.4% of the Group's trade packaging waste being recycled; and
- proudly supporting for a second year the Mission Christmas charity appeal through sponsorship and our stores in participating towns being used as collection points for presents donated for children for the appeal.

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.

Outlook

We look forward to the year ahead and into the longer term with confidence. We have a winning, high returning business model, a clear and deliverable strategy for growth and talented, experienced management and operational teams to put our plans into effect. In the current challenging and competitive environment there are of course uncertainties but there are also opportunities; some retailers are finding it more difficult to keep pace with a rapidly changing industry and are downsizing and some others are exiting the market altogether.

These moves provide opportunities for B&M to grow its share of the market in some key categories. They also encourage a continued flow of existing store assets onto the market, some of which offer further scope for us to expand into geographic areas where B&M is still under-represented. This constant flow of existing retail space onto the market is also maintaining downward pressure on retail rents, which is a helpful factor given that we operate a wholly leasehold store estate.

All our fascias including, importantly, B&M in the UK, have delivered a pleasing trading performance in the early weeks of the new financial year. Excluding the Easter week B&M UK like-for-like revenue grew by 3.1% in the first 8 weeks of the first quarter. Whilst there are five weeks still to go to the end of the period, we are confident of a solid outcome for the quarter.

On behalf of the Board, I would like to thank all our colleagues in stores, distribution centres and offices across the business for their hard work this year. Their commitment is at the heart of B&M's success.

Simon Arora
Chief Executive Officer
29 May 2018

Case study

Store growth

We opened 47 new B&M stores and 15 new Heron Foods stores in the UK and 12 new Jawoll stores in Germany this year and still have huge scope for further expansion for many years ahead of us.

B&M is a growth story and the lion's share of that growth comes from its continued store expansion. Over the past 14 years, being the period in which the Arora family have been involved in the expansion of B&M, it has grown from being a chain of 21 stores in the North West of England to a UK wide 576 B&M store chain, together also with a further 86 Jawoll stores in Germany plus 265 Heron Foods value convenience stores.

Importantly, despite our fast pace of growth over recent years, there still remains huge scope for further expansion of the B&M formats in the UK. Our target is for at least 950 B&M stores in the UK, and at the present rate of expansion involving some 47 new stores (including relocations) per annum, we still have many years of growth ahead of us. Currently, this is our main focus for expansion but, taken together with the opportunity we see in other markets across Europe for value retailing, we believe we are still only in the foothills of the overall long-term strategic opportunity for the Group in our chosen markets.

As a store-based retailer with a proven, profitable, high-returning business model, the challenging trading environment currently across much of the store-based retailing sector is actually helpful for B&M. In that particular sense our business is counter-cyclical in that the competitive pressures across the industry today which are freeing up retail space are seen by us as an opportunity to take up both more and attractive new stores. These market forces are also making pockets of market share in key product categories more available to us with the downsizing and closure of some specialist category retailers in recent months. Consequently, our pipeline of new stores continues to be strong and the outlook for new opportunities remains attractive .

With a pace of expansion which is very easily affordable to us, we are able to choose from some of the best opportunities across the UK to continue to expand our estate. This also means that increasingly our new stores are purpose built for B&M. For example, c.40% of new stores opened in the financial year were built by developers to our specification and often as larger stores in retail parks and adjacent to other complementary retailers. This is very good for B&M because we get the store configuration we want and it is also very good for customers too because the shopping experience for them is better and more consistent.

A good flow of new store opportunities has also meant we can selectively replace a modest number of our first generation stores when they are coming to the end of their leases, with brand new units capable of making much larger profit contributions. Our presence in a number of locations was upgraded in this way during the financial year under review. The number of stores which we want to upgrade by relocations to new premises remains relatively small, but current property market conditions make it a very attractive way of improving the quality as well as the overall size of our store estate.

A certain element of our new store expansion programme in previous years has been the acquisition of individual units or packages of stores from other retailers who had been downsizing or closing. Although the flow of such opportunities has slowed in the last few years, in the current environment we are seeing an increasing number of such assets again becoming available. Whilst we are taking some of these to supplement our existing organic expansion plans, we are selective and always maintain our discipline around the quality of locations and the new space which has been part of the bedrock of our success.

B&M UK new store openings

+47

Heron Foods new store openings

+15

Case study

Convenience stores

Heron Foods business model, like B&M, is based on having a limited product assortment, keeping its business simple and its costs low, so that it always offers great value to customers.

Heron Foods, previously a family owned value convenience retailer, which is based in the North of England was acquired by the Group in August 2017 with the two-fold objective of providing B&M with the infrastructure to begin its entry into the frozen and chilled food market, and, to become another arm of growth for the Group with a value retail convenience store network. Heron Foods performance since becoming part of the B&M Group has been strong and significant progress has already been made with our strategy outlined at the time of the acquisition.

Heron Foods now trades from 265 stores which typically have 2,750 sq ft of retail space and are located mainly in neighbourhood locations, including suburban high streets, small towns and shopping parades in local areas in the North and North Midlands of England. Like B&M, Heron Foods' business model is built around a limited range of products, keeping its business simple and costs low and concentrating its buying power so that it offers great value to customers. A typical Heron Food store sells a range of c.1,400 items of frozen, chilled and ambient foods to customers who live within a mile or so of the store.

By adding a limited assortment of B&M's general merchandise product range in areas like laundry and cleaning products, pet care and convenience lines like batteries, light bulbs and Christmas paper, the strong sales performance which Heron Foods was already delivering at acquisition has continued to grow. Overall, Heron Foods is already proving to be an excellent addition to the Group.

The convenience business has huge scope to expand its store network. That growth potential is complementary to the continued expansion of B&M, both in towns and cities where the Group is not currently represented and further also into its heartland areas. At the moment, Heron Foods geographic footprint only covers a small fraction of the UK and its already proven business model means that its business can also become multiple times larger in the years ahead.

Heron Foods' own temperature controlled distribution facilities and lorry fleet have provided the platform for B&M to take an important step with some of its stores to enter the large market of frozen and chilled food categories.
This is something which the Group has been keen to do with its B&M stores for some time, having studied the success enjoyed by the dollar store sector in the United States. This is a similar move and Heron Foods infrastructure and experience have provided the smooth implementation of a trial of 300 such products in 60 B&M stores by the year end and our early trial results are promising.

Capitalising both on the opportunity which Heron Foods has to expand its convenience store network, and to extend the frozen and chilled ranges into more B&M stores, will require us to expand the Group's dedicated frozen and chilled distribution infrastructure capacity. Accordingly, the site which the Group has purchased this year for its new 1m sq ft distribution centre in Bedford to accommodate B&M's expansion up to its 950 store target, will commence the construction phase shortly. It will also incorporate dedicated frozen and chilled food chambers, with the infrastructure planned to be in place in 2020 to step up the pace of growth into these important product categories.

Total number of Heron Food stores

265

Financial review

A strong performance for the year

"We continue to be strongly cash generative which has enabled us to make recent investments in distribution infrastructure and the acquisition of Heron Foods, while remaining comfortably within our leverage target."

Increase in store estate FY18

51.5%

Number of stores 31 March 2018

927

2017: 612

Adjusted profit before tax[3]

£221.5m

+16.5%

2017: £190.2m

Paul McDonald
Chief Financial Officer

Accounting period

The FY18 accounting period represents the 53 trading weeks to 31 March 2018 and the comparative FY17 period represents trading for the 52 weeks to 25 March 2017. Throughout the financial review and unless otherwise stated, the FY18 commentary will refer to the unaudited 52 week period to 24 March 2018, to better reflect the underlying performance of the business.

Revenue

The Group revenue in FY18 was £2,976.3m (FY17: £2,430.7m), this represents an increase of 22.4% and on a constant currency basis, a 22.0% increase[1].

In the UK, B&M revenues increased by 13.9% to £2,566.0m, principally driven by the new store opening programme, including both the annualisation of revenues from the 38 net new store openings in FY17 and the 39 net new store openings in FY18.

There were 47 gross new store openings in the year, and 8 closures, with 5 of the closures being relocations. The 47 openings contributed £128.4m of revenues in FY18, and the stores continue to have attractive returns on investment, and where appropriate, we will continue to take advantage of relocation opportunities that allow us to open modern, large stores that allow our customers access to our full product offering.

Sales in the like-for-like store estate[2] grew by 4.7% (FY17: 3.1%) with sales in the first three quarters being particularly strong. During this period we have benefitted from a more inflationary environment in the economy, and in particular on grocery products. One of the features has been the strong performance of grocery as the UK consumer structurally continues to seek out value. The like-for-like in the fourth quarter was slower, with the quarter having been impacted by the winter weather. The like-for-like continues to benefit from the operational improvements through the supply chain.

In the UK we also generated £210.0m of revenues following the acquisition of Heron Foods in August 2017. Convenience stores in the UK have performed well and we have seen a strong like-for-like performance, with the business benefitting from extended ranges from the B&M supply chain. Under our period of ownership we have opened 9 net new stores, taking the store estate to 265 and we are planning to open at least 15 to 20 stores in FY19.

In our German business Jawoll, revenues grew to £200.3m, which was a 12.3% increase over the £178.4m achieved in FY17. In local currency revenues increased by 6.8% which was driven by the 11 net new stores opened in the year and the annualisation of the 19 stores opened in FY17.

The statutory Group revenue was £3,029.8m which represents an increase of 24.6% against the prior year.

Summary operating profit

£ millions	53 weeks to 31 March 2018	Pro-Forma 52 weeks to 24 March 2018	52 weeks to 25 March 2017	
Number of stores				
UK	**841**	**841**	537	**56.6%**
Germany	**86**	**86**	75	**14.7%**
Total stores	**927**	**927**	612	**51.5%**
Revenue	**3,029.8**	**2,976.3**	2,430.7	**22.4%**
Gross profit	**1,028.4**	**1,010.2**	845.8	**19.4%**
%	**33.9%**	**33.9%**	34.8%	**-0.9%**
Operating costs				
B&M	**(622.5)**	**(608.6)**	(556.0)	**9.4%**
Heron	**(55.5)**	**(55.5)**	–	**n/a**
Germany	**(67.1)**	**(67.1)**	(54.9)	**22.3%**
Adjusted EBITDA	**283.3**	**279.0**	234.9	**18.8%**
%	**9.3%**	**9.4%**	9.7%	**-0.3%**
Depreciation	**(36.9)**	**(36.2)**	(26.0)	**39.0%**
Interest	**(21.6)**	**(21.4)**	(18.7)	**14.0%**
Adjusted profit before tax	**224.8**	**221.5**	190.1	**16.5%**
Adjusted costs	**(4.9)**	**(4.9)**	(3.4)	**44.7%**
Adjusted interest income	**9.4**	**9.4**	(3.9)	**-343.2%**
Profit before tax	**229.3**	**226.1**	182.9	**23.6%**

Reconciliation of adjusted items

	Audited 53 weeks to 31 March 2018	Pro-Forma 52 weeks to 24 March 2018	Audited 52 weeks to 25 March 2018
Profit on ordinary activities before interest and tax	**241,514**	**238,020**	205,508
Add back depreciation and amortisation	**36,882**	**36,155**	26,015
EBITDA	**278,396**	**274,175**	231,523
Effect of derivatives in cost of sales	**(509)**	**(509)**	1,479
Effect of derivatives in administrative expenses	**4,334**	**4,334**	1,890
Heron acquisition costs	**1,049**	**1,049**	–
Adjusted EBITDA	**283,270**	**279,049**	234,892

For further information and segmental detail of adjusted measures see notes 2, 3 and 4 to the financial statements on pages 86 to 88.

Gross margin

Our gross margin decreased by 86 basis points to 33.9% (FY17: 34.8%). In the B&M UK business the margin decreased by 69 basis points, impacted by the strength of the grocery sales and some additional markdown activity as we adjusted to new rates of sales on some general merchandise products where retail prices had increased following the impact of US Dollar inflation. The margin was additionally impacted by 14 basis points as a result of the Heron Foods product offer with grocery, chilled and frozen products having a lower percentage margin. In our German business, margins reduced by 100 basis points as we accelerated the clearance of products ahead of the new products arriving from the B&M Far East supply chain, and following the change of management we are accelerating this move towards product being supplied from the B&M Far East supply chain.

Operating costs and adjusted EBITDA[3]

As an everyday low price value retailer we remain committed to ensuring that our costs are carefully managed but also recognising that we need to continue to invest strategically to allow us to continue to grow the business.

In the B&M UK business, operating costs, excluding depreciation and adjusting costs, grew by 9.4% to £608.6m while costs as a percentage of revenues decreased by 97 basis points to 23.7%, with the business benefitting from the operational leverage on the fixed cost base following the strong like-for-like performance, efficiencies within logistics and continued control of store wages. The absolute cash increase in costs was principally driven by the new store opening programme, from both the new stores opened in the year and the annualisation of costs from the new stores opened in FY17 and the variable operating costs required to service the new stores.

The Group incurred further costs of £55.5m excluding depreciation and adjusting items in relation to Heron Foods for the 8 month period since the acquisition.

Financial review continued

In Germany, costs excluding depreciation and adjusting costs increased by 22.3% to £67.1m (FY17: £54.9m). This reflected the increase in costs as a result of the 11 net new stores opened in the year and the annualisation of the stores opened in FY17.

We report an adjusted EBITDA[3] to allow investors to understand better the underlying performance of the business. The items that we have adjusted are detailed in note 3 on page 87, they totalled £4.9m in FY18 (FY17 £3.4m).

In the B&M UK business the adjusted EBITDA[3] increased by 17.2% to £261.7m (FY17: £223.2m) and in Germany adjusted EBITDA[3] decreased by 51.9% to £5.6m. An additional £11.7m, of adjusted EBITDA was generated from the 8 months of ownership of Heron Foods. The overall Group adjusted EBITDA[3] increased in the year by 18.8% to £279.0m (FY2017: £234.9m) and on an unadjusted basis EBITDA increased by 18.4% to £274.2m (FY2017: £231.5m).

Financing costs

The net interest charge in the year was £12.2m (FY17: £22.6m) representing a decrease of 46.0%.

The interest cost can be split between the underlying cost of £21.6m (FY17: £18.7m) which was an increase of 15.3% reflecting the full year impact of the refinancing that was undertaken in February 2017. The underlying charge can be analysed between bank, high yield bond, finance lease interest and interest receivable of £20.1m (FY17: £17.3m) and amortised fees of £1.5m (FY17: £1.4m).

Interest income on an adjusted basis amounted to £9.4m (FY17: £(3.7)m) and comprised a £10.1m revaluation in the put/call option relating to the 20% shareholding in Jawoll that is not owned by the Group (FY17: £0.2m) and a £0.7m expense relating to the accounting for the deferred consideration following the Heron Foods acquisition. The deferred consideration cost will be £1.2m in a full year.

Additionally, in FY17 there was a £3.7m cost which related to fees associated with the Group's previous bank and debt facilities which was written off.

Following the acquisition of Heron Foods we kept the existing Heron Foods loan and overdraft facilities in place in order to maximise the liquidity within the Group.

Profit before tax

The statutory profit before tax was £229.3m, which compares to £182.9m in FY17. We also report an adjusted profit before tax to allow investors to understand better the operating performance of the business (see note 3). The adjusted profit before tax[3] was £221.5m (FY17: £190.2m) which reflected a 16.5% increase.

Taxation

The tax charge in the year was £43.5m (£38.9m in FY17) and the effective rate was 19.7% which was lower than FY17, principally as a result of the acquisition of Heron Foods and a greater proportion of the Group's profits being taxed at the UK Corporation Tax rate. 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 Germany, with an effective rate of 19.8% in FY19.

As a Group we are committed to paying the right tax in the territories in which we operate. In the UK the total tax paid was £258.8m. This is mostly those taxes which are ultimately borne by the company amounting to £143.2m which includes corporation tax, customs duties, business rates, employers national insurance contributions and stamp duty and land taxes. The balance of £115.6m 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 £185.8m compared to £144.0m in FY17 and the fully diluted earnings per share was 18.6p (FY2017: 14.3p), being an increase of 30.0%.

On an adjusted profit after tax basis[3], which we consider to be a better measure of performance due to the reasons outlined above, it was £177.7m which was a 18.6% increase over last year (FY17: £149.9m) and the adjusted fully diluted earnings per share[3] was 17.8p (FY17: 14.9p), being an increase of 19.5%.

Investing activities

There was a net cash outflow of £107.5m following the acquisition of Heron Foods in August 2017 and there is a further £12.8m of deferred consideration due in FY20, which we anticipate will be payable.

The Group net capital expenditure[4] during the year was £114.1m, and was principally driven by the new store programme across the three fascias, with a capital expenditure of £45.9m, £8.2m and £5.0m respectively in B&M, Heron Foods and Jawoll. There was also capital expenditure by the Group of £55.0m on the Southern distribution centre.

The Group continues to invest in its store estate and an additional £18.0m was incurred on maintenance expenditure, which includes £3.6m on the B&M UK estate rolling out a frozen and chilled product offer to 60 stores. The overall maintenance expenditure represented 0.6% of revenues and included other in-store investments and IT investments. As a result of the Heron Foods acquisition and the higher capital intensive nature of the Heron Foods estate, we expect this to increase to 0.7% in FY19.

In the UK, B&M Retail has acquired land at a capital cost of £55.0m for a new UK distribution centre in Bedford in the South of the UK. The planned opening date for the distribution centre will be early 2020 and the facility will be capable of servicing 350 stores as well as having frozen and chilled food capability. In order to maintain its capital light model the Group intends to enter into a sale and leaseback of the facility.

Net debt and cashflow

As a Group we continue to be strongly cash generative and the cash flow from operations increased by 14.8% to £242.0m (FY17: £210.9m) including £15.7m from Heron Foods in the 8 months following the acquisition.

The cash generation reflects the continued growth in the Group's EBITDA and the attractive cash paybacks from the new store opening programme, combined with the Group's working capital control, with working capital as a percentage of revenues being 8.9% (FY17:9.2%).

During the year the Group paid £63.0m of dividends.

The Group's net debt in the year was increased to £535.3m (FY17: £401.9m) and the net debt to adjusted EBITDA[3] has marginally increased to 1.92 times (FY17: 1.71 times). This remains comfortably within our 2.25 times leverage target, and excluding the costs incurred on the new Southern distribution centre, the leverage would have reduced to 1.72 times.

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.

New accounting standards

There are two new accounting standards that will apply to the Group from the financial year commencing 1 April 2018. IFRS 9 (Financial Instruments) introduces a new impairment model on expected loss and limited changes to the classification and measurements of financial assets. IFRS 15 (Revenue from Contracts with Customers) is in relation to some changes to the recognition of revenues. We have completed an assessment of both of these new standards and we do not consider that the adoption of either standard will have a material impact in relation to the accounting of the Group.

IFRS 16 which relates to the new lease accounting standard, will apply to the financial statements of the Group for the financial year 2019/20. The adoption of this new standard will have a significant impact on the consolidated Statement of Financial Position and Income Statement of the Group, given that we have in excess of 900 property leases of stores and distribution centres in the UK and Germany.

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, subject to using distributable profits first, to have recourse to the company's share premium account as a distributable reserve. It remains the Groups 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 31 March 2018 includes distributable profit reserves of £327.1m. 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 from expenses which those companies may incur.

The Board is satisfied that as the Group remains strongly cash generative it is in a very good position to fund and maintain its dividend policy. The principal risks of the Group set out on pages 26 to 29 below, and in particular those relating to competition, economic environment, commodity prices, supply chain, 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, as referred to on pages 27 to 29 below, and the Board believes the Group has a robust and resilient business model through the combination of having a value led product assortment which competes across a very broad section of the retail markets in our chosen locations.

In the last year the Group has continued to invest to support the growth of the business with particular highlights being the acquisition by the Group of Heron Foods with an enterprise value of £122.5m and also the acquisition of the site in Bedford for the development of a 1 million sq ft Southern distribution centre which will also include further frozen and chilled storage capacity for the Group.

In 15 months' time when the construction phase of the Southern distribution centre has been completed, it is intended to release the cash investment made in that project back to the Group by a sale and leaseback of the distribution centre.

Notwithstanding those investments the Group has maintained its dividend this year at the higher end of its dividend policy. An interim dividend of 2.4p per share was paid in December 2017 and it is proposed to pay a final dividend of 4.8p per share*. Subject to approval of the dividend by shareholders at the AGM on 30 July 2018, the final dividend of 4.8p per share is to be paid on 6 August 2018 to shareholders on the register of the Company at the close of business on 29 June 2018. The ex-dividend date will be 28 June 2018.

Paul McDonald
Chief Financial Officer
29 May 2018

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.

2 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.

3 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 21 for further details. EBITDA represents profit on ordinary activities before net finance costs, taxation, depreciation and amortisation. Unless otherwise stated the figures presented in the strategic report are for the 52 weeks ended 24 March 2018, which is comparable with previous year rather than the statutory reported 53 week period. Notes: (i) Group revenues in the year on a 52 week basis were £2,976.3m and on a statutory 53 week basis were £3.029.8m, (ii) the Group's Adjusted EBITDA on a 52 week basis was £279.0m and was £283.3m on a 53 week basis and (iii) the Group's Adjusted Profit Before Tax on a 52 week basis was £221.5m and was £224.8m on a 53 week basis. The statutory 53 week period profit before tax was £229.3m.

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

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

Key performance indicators

Monitoring performance

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

FINANCIAL

Total sales growth (%) (52 weeks)[1]

22.4%

2018	22.4
2017	19.4
2016	23.6

Strategic link

Rationale
The strategy is to grow our business in new markets both in the UK and in Germany and this measure alongside the number of new store openings demonstrates whether we are achieving that goal.

2018 Performance
The business grew revenues by 22.4% and store numbers by 51.5% and we remain on track.

Net capital expenditure (£m)[2]

£114.1m

2018	114.1
2017	50.4
2016	56.2

Strategic link

Rationale
Given our growth is mainly derived from the investment in new stores, we monitor capital expenditure to ensure that expenditure on new store investments is not excessive and that we are also investing sufficient capital to maintain the existing store estate.

2018 Performance
We incurred £59.1m of capital expenditure, excluding £55.0m of the expenditure incurred on the development of a new southern distribution centre. The southern distribution centre will ultimately be the subject of a sale and lease-back transaction. Our capital expenditure was within our budget targets.

Adjusted EBITDA (£m) (52 weeks)[1]

£279.0m

2018	279.0
2017	234.9
2016	192.5

Strategic link

Rationale
In addition to growing sales as we open new stores, we want to ensure that the sales growth is profitable and we measure adjusted EBITDA.

2018 Performance
The Group's adjusted EBITDA grew by +18.8%, which is slightly higher than the sales growth and our strategy remains on track.

Adjusted EBITDA (%) (52 weeks)[1]

9.4%

2018	9.4
2017	9.7
2016	9.5

Strategic link

Rationale
In order to ensure that 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.

2018 Performance
The Group's Adjusted EBITDA reduced by 29 basis points.

Adjusted diluted earnings per share (52 weeks)[1]

17.8p

2018	17.8
2017	14.9
2016	12.2

Strategic link

Rationale
We recognise that it's important to our investors to grow our earnings per share as well as our adjusted EBITDA, since it's a measure after we have taken account of depreciation, interest and tax charges.

2018 Performance
The adjusted diluted earnings per share grew by 19.5%.

Cash generated from operations (£m)

£242.0m

2018	242.0
2017	210.9
2016	170.9

Strategic link

Rationale
In addition to monitoring EBITDA growth, we are committed to ensuring that we continue 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.

2018 Performance
We grew our cash from operations by 14.8% in the year.

NON-FINANCIAL

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

+4.7%

2018	4.7
2017	3.1
2016	0.9

Strategic link

Rationale
Although the main driver of growth in the Group is the new store opening programme, we are cognisant of the fact that we do not want to see any deterioration in the profitability of the existing store estate. The main indicator to ensure that the profitability of existing store estate is not deteriorating is like-for-like sales.

2018 Performance
We grew our UK like-for-like sales by +4.7%, which was a pleasing performance given the UK market remains relatively flat.

Profit before tax (£m)

£229.3m

2018	229.3
2017	182.9
2016	154.5

Strategic link

Rationale
We monitor our overall profit before tax growth in addition to EBITDA so that we monitor our depreciation and amortisation expenses and our interest costs.

2018 Performance
We grew our profit before tax by 23.6%.

Net new stores opened – 2018

59

2018	59
2017	57
2016	80

UK market share

c.0.9%

2018	0.9
2017	0.7

Link to strategic initiatives

- Deliver great value for our customers
- Invest in new stores
- Develop our international business
- Invest in our people and infrastructure

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 21 for further details. EBITDA represents profit on ordinary activities before net finance costs, taxation, depreciation and amortisation. Unless otherwise stated the figures presented in the strategic report are for the 52 weeks ended 24 March 2018, which is comparable with previous year rather than the statutory reported 53 week period. Notes: (i) Group revenues in the year on a 52 week basis were £2,976.3m and on a statutory 53 week basis were £3.029.8m, (ii) the Group's Adjusted EBITDA on a 52 week basis was £279.0m and was £283.3m on a 53 week basis and (iii) the Group's Adjusted Profit Before Tax on a 52 week basis was £221.5m and was £224.8m on a 53 week basis. The statutory 53 week period profit before tax was £229.3m.

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

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.

Principal risks and uncertainties

Risk management

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.

Overall responsibility

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

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

Risk appetite

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

Identify and evaluate

The 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 General Counsel, is responsible for monitoring risks and mitigating actions and for reporting matters of concern to the Board.

Action plan

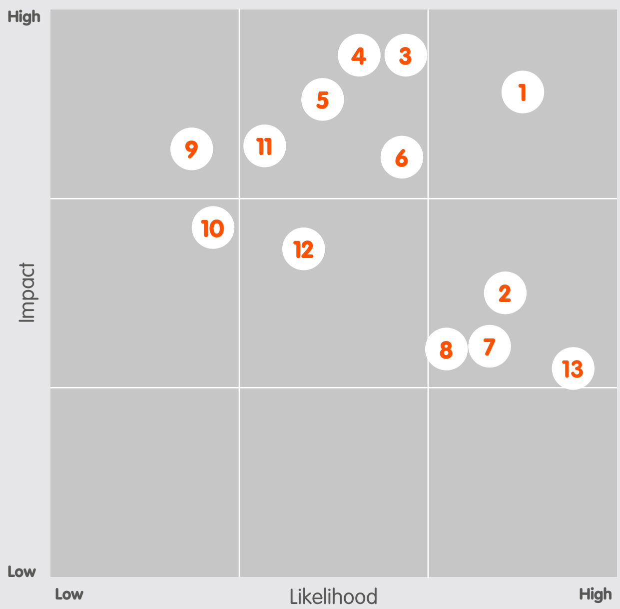
The Board oversees the risk management of the Group. It evaluates the recommendations made by the Audit & Risk Committee and determines the framework of the type of controls and mitigating steps required to be implemented, in the context of how those risks could impact the overall objectives of the business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

Implementation

The responsibility for 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 German businesses.

The Internal Audit department reports on the progress of implementation by management of recommendations made to them, to the Audit & Risk Committee at each meeting during the year, being a continuous cycle of review.

Risk management



Changes in principal risks

There were no changes in B&M's principal risks during 2017-18. There are no new principal risks to note, and no existing principal risks have been removed.

Movements in B&M's existing principal risks are detailed below.

Risk change key

↑ Increased risk — No change ↓ Decreased risk

Risk type	Risk Nº	Description & potential impact	Risk mitigations	Change
Competition	1	The Group operates in highly competitive retail markets in the UK and Germany and this could materially impact the Group's profitability, share price and limit growth opportunities.	• Continuous monitoring of competitor pricing and product offering. • Development of new product ranges within the product categories to identify new market opportunities to target new customers.	—
Economic environment	2	A reduction in consumer confidence could impact upon customer spending and subsequently revenue and profitability, as a result of the prevailing macro-economic conditions in the markets in which we operate.	• 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 the economic conditions.	—
Regulation and compliance	3	The Group is exposed to regulatory and legislative requirements, including those relating to the importation of goods, the Bribery Act, Modern Slavery Act, tax evasion, health & safety, employment law, data protection, the environment and the Listing Rules. The impact of this is that it could lead to financial penalties and reputational damage. This risk has increased due to the General Data Protection Regulation ("GDPR") which will apply in the EU from 25 May 2018. This regulation gives rise to increased data protection compliance requirements backed by potential heavy financial penalties for compliance failures.	• We have a number of policies and codes across the business, including a code of conduct that incorporates an anti-bribery & corruption policy, outlining the mandatory requirements within the business. These are communicated to the staff via an employee handbook which is made available to anyone joining the company. • Operational management are responsible for liaising with the General Counsel and external advisors where required to ensure that we identify and manage any new legislation. • We have an internal audit function, and a whistle blowing procedure and policy which allows colleagues to confidentially report any concerns or inappropriate behaviour within the business. • The Company has adopted a Group-wide GDPR policy and appointed a Data Supervisor of the overall Group. As a result of the new legal requirements of GDPR a number of key changes have been implemented by the Group. They include changes in our privacy policies, a new process in relation to data subject rights requests, issuing privacy notices to all colleagues and updating the privacy notices for users of our websites. We have also sent new consent requests to all existing subscribers to our on-line mailing list.	↑
Infrastructure	4	The Group could suffer the loss of one of its warehousing facilities which would impact short/ medium term trading and could materially impact the profitability of the business. Failure to maintain and invest in the warehousing and transport infrastructure as the business continues to grow the store portfolio. This risk has increased as the B&M Group acquired Heron Foods in the financial year 2017/18 and the Group's warehousing and transport infrastructure has therefore expanded to include storage and transport for frozen food products. Unforeseen delays in the completion of the additional warehouse in the South of England would also potentially impact on medium term growth and expansion of the business.	• Forward plans are in place for additional warehousing capacity to support the new store opening programme. The Group in the UK has six separate warehousing locations and conducts disaster recovery planning. An additional warehouse location has been confirmed which will support expansion in the South of England; building will commence in the financial year 2018/19. • The Group maintains adequate business interruption and increased cost of working insurance in the event of such a loss.	↑

Principal risks and uncertainties
continued

Risk change key

↑ Increased risk — No change ↓ Decreased risk

Risk type	Risk Nº	Description & potential impact	Risk mitigations	Change
International expansion	5	The ability to develop into new territories is important to the Group's future growth plans. Expanding into new markets creates additional challenges and risks which could impact upon overall Group performance, growth and profitability.	• Significant international experience on the main Board. The senior leadership team in Germany is experienced and incentivised. • Clear focus on markets in which we operate to ensure they are appropriate for value retailing and the product ranges are developed and selected by local buying teams rather than through the parent company. • Continuing to invest in both the infrastructure and technology of our international subsidiaries. • Monitoring and investigating potential new opportunities for growth in strategically identified locations.	—
IT systems, cyber security and business continuity	6	The Group is reliant upon key IT systems, and disruption to these would adversely affect businesses operations including in warehouses and in stores. The potential impact of data protection failure is that it may lead to a potential prosecution and reputational damage to the brand. This risk also encompasses the IT Security risk of failing to protect the Group's systems and data from viruses, cyber threats and sabotage. This risk ranking has decreased in risk number due to the increasing significance to the business of the risks relating to regulation & compliance, infrastructure and international expansion.	• All critical business systems have third party maintenance contracts in place and are industry standard. • We utilise the services of a third party IT consultancy support to ensure that any investments made in technology are fit for purpose; IT investments/budgets are approved at Board level. • We have a disaster recovery strategy. • We have an on-going PCI 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.	—
Credit risk and liquidity	7	The Group's level of indebtedness and exposure to interest rate and currency rate volatility could impact the business and its growth plans. This risk ranking has decreased in risk number due to the increasing significance to the business of the risks relating to infrastructure and international expansion.	• 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 test forecasts are prepared to ensure sufficient liquidity and covenant headroom exists.	—
Commodity prices/cost inflation	8	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 and the store and warehouse overhead base. This risk ranking has decreased in risk number due to the increasing significance to the business of the risks relating to infrastructure and international expansion.	• Freight rates, energy and currency are bought forward to mitigate volatility and 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 these effects.	—
Supply chain	9	The lead times in the supply chain could lead to a greater risk in buying decisions and potential loss of margins through higher markdowns. Disruption to the supply chain arising from civil unrest, natural disasters, ethical or quality standards failure may impact upon brand reputation as there is a risk that consumers may be harmed. This risk ranking has decreased in risk number due to the increasing significance to the business of the risks relating to infrastructure and international expansion.	• An experienced sourcing team 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 single supplier. • A combination of individual buyers and supplier employees conduct factory visits.	—

Risk type	Risk Nº	Description & potential impact	Risk mitigations	Change
Stock management	10	Ineffective controls over the management of stock could impact on the achievement of our gross margin objectives. Lack of product availability could impact on working capital and cashflows. This risk ranking has decreased in risk number due to the increasing significance to the business of the risks relating to infrastructure and international expansion.	• Highly disciplined SKU count by season and effective and regular markdown action on slow moving product lines. • 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 delete the product line. • Consistent levels of stock cover by product category are maintained through regular reviews of open to buy, supported by the disciplined SKU count.	—
Key management reliance	11	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 staff leavers will impact on organisational performance and delivery. This risk ranking has decreased in risk number due to the increasing significance to the business of the risk relating to international expansion.	• The key senior and operational management are appropriately incentivised through bonus and share arrangements such that talent is retained. • The composition of the executive team is kept under constant review to ensure that it is appropriate to the delivery of the Group's plans.	—
Store expansion	12	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. This risk ranking has decreased in risk number due to the increasing significance to the business of the risk relating to international expansion.	• Our Chief Executive Officer 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 store sizes and locations. • Each new store opening is approved by the CEO ensuring that property risks are minimised and ensuring 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 an overall benefit to the Group is realised.	—
UK exit from the European Union	13	The UK's planned exit from the European Union has several potential impacts in the areas of economic & regulatory environment; withholding tax paid on internal dividends; import of goods due to currency exchange volatility & increased import duties; availability & cost of labour; and several potentially as yet unknown impacts. We do not consider this risk to have increased as the majority of imported goods from the Far East are made directly into the UK or German business where they are to be sold (as opposed to any material amount of goods being supplied between the UK and German businesses to each other). The amount of goods imported between the UK and Europe is not material.	• Short-term exchange rate volatility has been mitigated by our currency forward position. Any continued volatility will affect the economic inflationary environment as a whole. • Regarding the more fundamental changes, the level of risk is currently unknown due to significant uncertainty regarding the outcome of the exit negotiations and British leadership's position on these. • The Board will continue to monitor developments and understand the interpretations with respect to potential risks, and then act accordingly. • The Board and management will maintain professional contacts in order to assist with this process.	—

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 27 to 29 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 also common in the retail industry.

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 of one or more of the principal risks set out on pages 27 to 29 occurring in the period on the Group's business model, future trading expectations and liquidity;
- the likely degree and effectiveness of possible mitigating actions in relation to the principal risks;
- the Group's plan following its acquisition of Heron Foods; and
- the Group's longer term distribution infrastructure plan.

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. A number of challenging but plausible scenarios which aggregated these individual assumptions were reviewed by the Board.

Based on the assessment 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 27 March 2021.

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.

Corporate social responsibility

Operating our business as a good corporate citizen

We are committed to operating our business as a good corporate citizen, which means managing environmental, social and ethical business matters in a way which is responsible, progressive and recognises the interests of all our stakeholders.

"Each time we open a new store we create employment in local communities and also provide more customers with value purchases which helps their limited spending budgets go further."

Simon Arora
Chief Executive Officer

OUR APPROACH

B&M's approach to CSR is to look where we can for continuous improvement in all our areas of operation. This includes:

Job opportunities
Providing job opportunities through our continued expansion in local communities and central operations.

See page 32 for more information

Building relationships
Maintaining and building on long-term trading relationships with our suppliers and promoting ethical and responsible trading relationships with them.

See page 34 for more information

Training
Training and career progression opportunities to help colleagues step-up to the next level and retain them in our business.

See page 32 for more information

Enivronmental initiatives
Monitoring our existing operations and investing in initiatives which help to limit our environmental impact overall where feasible.

See page 36 for more information

Diversity
Recognising and actively encouraging the benefits of having a diverse workforce.

See page 32 for more information

Social and community
Supporting local communities through the jobs we create and the value provided to customers at our new stores and contributing to good causes on a local level.

See page 33 for more information

PEOPLE

Employee engagement

The Group's policy in relation to our colleagues is to provide equality of opportunity in relation to recruitment and promotions, a safe and clean environment to work in at our stores, distribution centres and our transport operations and to ensure colleagues are treated with dignity and respect. We have a number of policies relating to terms and conditions of employment and to comply with employee rights under applicable legislation. The outcome and impact of our policies and activities in relation to opportunities for new colleagues to join the Group, how our colleague base has grown during the year under review and our Step-Up Programme in relation to promotions to management positions at our stores is as follows.

We now employ over 31,000 people across our three businesses in the Group, the vast majority of which are based in the UK. In financial year 2017/18 we have created over 1,000 new jobs alone in B&M in the UK.

We develop our own talent from within our own business wherever we can, under our Step-Up Programme in the UK (see further in the box opposite). We also reward our store management teams through an annual bonus scheme and we also run regular incentive schemes to drive performance and also to engage with the teams by rewarding them for high performance.

B&M also has a share incentive plan which is open to all B&M UK employees after 12 months service to take up the opportunity to participate in the future success of B&M.

B&M has developed an e-based portal which provides engagement for our regional and area managers with our central operations team and with each other. This gives them instant information updates through smart tablets distributed by B&M to them on a range of business, operational and workplace engagement matters on a daily basis. It keeps them connected and they are then able to cascade relevant information on to their own store managers for their teams throughout the whole store estate.

We also communicate to our teams through our newsletter, the "B&M Standard", with updates on business strategy, new stores, new products, and the work of our support centre teams.

Diversity

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

In relation to gender diversity and implementation of the policy, the Board currently has 14% female representation with one female member. That female member chairs the Remuneration Committee, being one of the three main Committees of the Board. Full details of the composition of B&M's Board are set out on pages 38 and 39.

Details of the new Diversity Policy adopted by the Company in March 2018 in relation to the Board and senior management positions are set out on page 45 below.

The Board is planning to bring forward female candidates within its diversity criteria to build further on its gender mix and aims to do so by 2020, but without setting a specific target.

While the executive committee of B&M does not have any female representation the proportion of female managers among the direct reports to that committee is 40.5%. Notwithstanding that the Company intends, within the diversity criteria in the policy referred to on page 45 below, to see that there is a greater mix at the executive committee of B&M by 2020.

In relation to ethnic diversity and the Parker Review recommendations, the Company already complies with that in relation to Board representation and also on its executive committee.

At the senior management level of direct reports to the executive committee the percentage of employees who are female was 40.5% in the year under review.

In relation to all employees of the Group, the female percentage of colleagues was 57.5% in the year under review.

	Male	Female
Board of Directors	6	1
Senior Managers (across the Group)	28	17
All Group Employees	13,181	17,834

Step-Up Programme

We want to ensure that we offer our store colleagues the opportunity to progress and develop their career with B&M.

A key part of this is identifying talent within our store operation teams and including that talent in our store promotion planning programme.

This generally involves colleagues participating in our Step-Up Programme, where they have training over an 8 month period on various aspects of our store operations. This includes store standards, merchandising, productivity and how to manage store teams effectively.

Overall in the last financial year 194 colleagues were promoted to either store manager or deputy manager positions with B&M in the UK.

Promotions to B&M Deputy and Store Manager levels

194

Number of employees across the business

Over 31,000

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 and foster long standing relationships with our suppliers and promote ethical trading policies and practices within our supply chains. We have formal policies of the Group in place in relation to anti-bribery and corruption, anti-slavery policy statements on our websites, a workplace policy which our 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. The approach of our policy on social matters and the impact of that on our engagement in relation to communities, customers, suppliers and respect for human rights in our supply chains is described in each of the following sections below.

We like to be an important part in the life of people in local communities where we trade by providing job opportunities and also through our value pricing business model enabling household budgets to go that bit further. This helps us to build relationships within communities where we operate our stores, where our store colleagues and our customers work and live.

When we open a new store, we try to find a 'local hero' as a member of the local community known for their charitable or other 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 which they do in their local community, and we actively encourage our store managers to maintain their local hero relationship going forward.

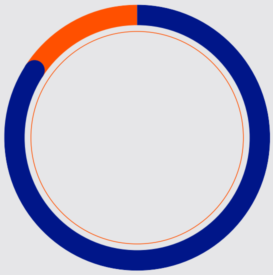
With our continued store expansion programme for the year ahead of B&M, Heron Foods and Jawoll we will continue to create jobs in various communities in the UK and Germany where those new store openings take place.

In relation to both jobs at stores and also in our Distribution Centers we have had a successful initiative over a number of years now in the UK which is focused on helping long-term unemployed back into work. In the year under review, another 175 long-term unemployed people secured a role within B&M (FY2017: 96).

Again in this last year at a regional and national level we were proud sponsors of Mission Christmas, an initiative run by Cash4Kids, a children's charity providing Christmas presents to underprivileged children at Christmas time in the UK. We are a significant headline sponsor and 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 appeal distributed overall more than £17.5m of gifts and vouchers in Christmas 2017, and we are proud to have played a small but committed part in that for the last two years.

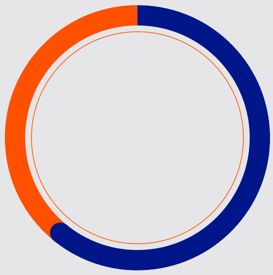
Gender diversity

Board of directors



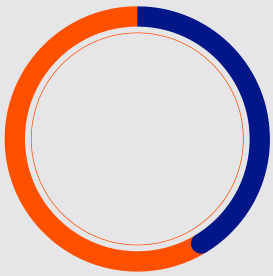
Male	6	85.7%
Female	1	14.3%

Senior managers



Male	28	62.2%
Female	17	37.8%

All employees



Male	13,181	42.5%
Female	17,834	57.5%

SOCIAL CONTINUED

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 and Heron Foods as at 5 April 2017.

With regard to hourly pay of B&M the mean hourly rate for females is 7.6% 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 14.9% lower than males and the median hourly rate for females is 1.4% lower than males.

In relation to bonuses of B&M, 4% of females and 18.6% of males were paid a bonus. The mean bonus pay for females was 34.4% lower than males and the median bonus pay for females was 37.4% lower than males. For Heron Foods, 3.6% of females and 33.2% of males were paid a bonus. The mean bonus pay for females was 8.9% lower than males and the median bonus pay for females was 33.3% 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 Germany and Luxembourg are not included in this data.

Customers

B&M, Heron foods and Jawoll each help their customers to get better value for money on everyday and other items for their homes and families, helping tight household budgets go further. We work hard to provide a high quality customer experience for shoppers across the stores in each of our businesses in the UK and Germany. 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. The purpose of this is to provide environmental benefits and also attractive and clean store environments for our customers to enjoy their shopping experience with us.

We also look to provide customers with a fun and exciting shopping experience at our stores. We have had throughout the year a series of focused promotional events on categories such as cleaning and home care, baby products and pet care products. Each of these events have been aimed at giving even bigger bargain prices while they are running in our stores.

We take pride in the fact that we train our store colleagues to be focused on taking a helpful and friendly approach with customers, so that our customers enjoy coming back to our stores time and time again and that we are valued by them for the contribution we make to the livelihood of people in their local communities through our pricing approach and job creation. Our 'no quibble' customer returns policy highlights our emphasis on great value for money and good quality for our customers to enjoy.

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 monitor on a monthly basis key performance indicators in relation to trends in the business, including reports on the number of accidents and those 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 policy is communicated to all our colleagues.

In the financial year 2017/18 for the UK in B&M there were 207 reported accidents (0.4 per store) reportable to the Health & Safety Executive (FY2017: 119 reported accidents and 0.2 per store), in the context of 217 million shopper visits per annum.

Supply chain & ethics

We have a significant number of 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 to minimise the use of rebates and retrospective discounts.

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

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

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

In the last year we have taken the following steps in relation to our policy on anti-slavery and human trafficking:

- B&M has continued to communicate its Workplace Policy to new suppliers along with our standard terms and conditions of purchase which make it a condition of trading with B&M that suppliers adhere to our Workplace Policy standards;
- since joining our Group, Heron Foods has adopted its first Anti-Modern Slavery Statement which has been displayed on its website. It has adopted the Workplace Policy of B&M in relation to its business and suppliers and updated its standard terms and conditions of purchase making it a condition of trading with Heron Foods that suppliers adhere to the Workplace Policy standards. The Workplace Policy standards contained in Heron Foods terms and conditions have been provided by it to its suppliers; and
- Jawoll has also adopted the Workplace Policy of B&M in relation to its business and suppliers and they have provided copies which are set out together in both English and German to their suppliers.

A copy of our Anti-Slavery Statement and our Workplace Policy are available in the Corporate Responsibility section of our websites at www.bmstores.co.uk and www.bandmretail.com

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

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.

A significant proportion of Jawoll's suppliers are European based suppliers and wholesalers. Where Jawoll source and import products themselves directly from China they increasingly use the same suppliers and sourcing agents of B&M, which is part of an on-going integration and change-over of Jawoll's procurement by sourcing products from B&M's supply chain.

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

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 agents 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.

In the event of any suspected failure by a supplier to comply with our Workplace Policy, we will 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 will review what appropriate remedial action we 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 communication and adherence to ethical business practices and assessment of risks and always welcome feedback from all stakeholders in relation to our business. Our policies, procedures and approach to verification processes are geared toward what we think are balanced and reasonable, practical and effective.

Our Internal Audit function carried out a review and audit of our supply chain and procurement in the financial year 2015/16 including checks on social compliance procedures with suppliers and sourcing agents and sampling those reports as part of a due diligence exercise which they undertook in Hong Kong. As the result of that due diligence was that there were no modern slavery issues disclosed, it was determined that the next due diligence exercise be undertaken again in the 2018/19 financial year. Within the whistle blowing reports of B&M in the UK in relation to the year under review, no reports have been made 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.

Anti-bribery and corruption

Our policy on anti-bribery and corruption is also one of zero tolerance. Our colleagues are aware of the importance of reporting any offers of inducements by any third parties up the management chain in each business immediately up to director level. Each year an annual review is also undertaken of our buying teams in the UK and also this year in Germany requiring written reports to be completed of any suspected or actual incident of bribery or corruption between any third party and the business. That due diligence disclosed no instances in our businesses this year of any such activity having taken place or having been suspected. Within the whistle blowing reports of B&M in the UK in relation to the year under review, no reports have been made of any instances of bribery or corruption between B&M and any third parties.

Customer transactions at our B&M UK stores this year

217m

Corporate social responsibility
continued

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 Germany as part of our commitment to providing a sustainable environment in communities and the workplace. We also look continuously 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. The impacts of our policy are set out in the following parts of this report.

Recycling
We have dedicated facilities to recycle waste at our B&M warehousing locations in the UK. They allow us to collect waste cardboard, plastic, metal and wood from our stores in the UK back to our central distribution locations. The main source of waste comes from packaging. We seek with our suppliers to minimise where we can the packaging of products beyond what is necessary for the safe carriage of them.

61.0% of waste in our B&M business in the UK in the financial year 2017/18 was directly recycled through our in-house facilities. This was a decrease on the previous financial year which was 64.2%.

The remainder of the waste was processed by a specialist third party for recycling, which leads to a further 39.0% of B&M's waste being recycled.

In total for the year under review we are pleased to report that 100% of our waste in the UK was recycled as even our residual waste is recycled into energy production.

Our German business, Jawoll recycled 93.3% of its waste packaging in the year (FY2017: 94.0%).

The total level of packaging waste recycled by B&M and Jawoll overall in the financial year 2017/18 was 99.4%.

Heron Foods has not been included in any of the environmental statistics in this report as they have only been part of the Group since August 2017. With the reporting protocols which are being set up, Heron Foods will be included in the next report for the financial year ending 30 March 2019.

Greenhouse gas emissions
In the year around 74% 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 26%. Our store estate in both the UK and Germany is continuing to increase at a significant rate and is expected to do so into the future also. Consequently our overall carbon footprint has and will inevitably continue to increase.

Greenhouse gas data
FY2018 relates to the period from April 2017 to March 2018 and FY2017 relates to the period from April 2017 to March 2018:

	FY2018			FY2017			%	%	%
	UK	**GER**	**TOTAL**	UK	GER	Total	UK	GER	Group
Scope 1	**25,035**	**712**	**25,747**	22,377	802	23,179	11.9%	-11.2%	11.1%
Scope 2	**69,878**	**19,980**	**89,858**	73,370	13,433	86,803	-4.8%	48.7%	3.5%
Total	**94,913**	**20,692**	**115,605**	95,747	14,235	109,982	-0.9%	45.4%	5.1%

	FY2018			FY2017			%	%	%
	UK	**GER**	**TOTAL**	UK	GER	Total	UK	GER	Group
Scope 1	**9.56**	**3.56**	**9.13**	9.94	4.51	9.54	-3.8%	-21.0%	-4.2%
Scope 2 = Elec & Gas	**26.68**	**99.90**	**31.88**	32.58	75.47	35.72	-18.1%	32.4%	-10.8%
Total	**36.24**	**103.46**	**41.01**	42.52	79.97	45.26	-14.8%	29.4%	-9.4%

The FY2017 figures have been restated following a change in the GHG conversion factors that one of our suppliers had not applied correctly in FY2017.

Packaging waste recycled by the Group in 2018

99.4%

2017: 99.4%

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 have been calculated based upon the quantities of fuel purchased for our commercial fleet and Scope 2 GHG emissions are calculated from electricity and gas usage and then using the published factors.

In relation to our UK operations of B&M our overall intensity ratio has improved by 14.8% to 36.24 T/£m. The intensity ratio for Jawoll in Germany worsened by 29.4% to 103.46 T/£m but for the overall Group for the period there was an improvement of 9.4% to 41.01 T/£m.

As we acquired Heron Foods in August 2017, our UK emissions data does not include Heron Foods in the financial year ended 31 March 2018, but it will be included in our reporting in the next financial year.

Carrier bags

We have seen 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 UK business were consulted on appropriate recipients of charitable grants from the levy proceeds. In the financial year 2017/18 we have donated around £500,000 to a range of charities, including children's hospitals, hospices, air ambulance and educational and arts trusts, often being at a regional level in different parts of the UK as well as some national charities.

Initiatives

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

- our UK warehouses are based in the North West of England and approximately 65% of imported goods are shipped to the Port of Liverpool, thereby reducing the extent of overland transport from ports in the South of England;
- 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 distribution centre locations;
- we continue to upgrade our transport fleet and we have introduced 50 new tractor units in FY2018 and we have ordered a further 60 units for delivery in the summer of 2018. The vast majority of our B&M transport fleet in the UK is now less than 2 years old;
- we have continued to invest in "wedge" trailers which increase trailer capacity and therefore maximises transport utilisation and minimises distribution mileage travelled. We have acquired 50 of these trailers in FY2018 and ordered a further 50 for FY2019; and
- additionally to improve the efficiency of our fleet and save on miles driven, fuel and emissions, we have introduced a new transport scheduling system which has optimised routes and reduced mileage.

Corporate governance

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 21 years and chaired a variety of boards over the last 10 years. 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, Chief Executive of Vodafone NEMEA region and Chief Executive of Vodafone UK. Prior to that he held a number of board and senior executive positions with leading retailers including WH Smith, Tesco and Kingfisher. Peter is currently Chairman of Superdry plc and Deputy Chairman and Senior Independent Director of Spire Healthcare Group plc.

Committee membership:

NOM

Simon Arora

Chief Executive Officer

Appointment: Dec 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.

Committee membership:

NOM

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.

Committee membership:

—

Thomas Hübner

Senior Independent Non-Executive Director

Appointment: May 2014

Thomas has over 29 years' experience in the European retail sector, during which time he has held senior executive management roles in pan-European business operations of Carrefour, Metro and McDonald's in Europe. He is currently Independent Non-Executive Director of Geberit (Jona, Switzerland), Panda Retail Company (Jeddah, Saudi Arabia) and bPost (Brussels, Belgium). Thomas is the Senior Independent Director of B&M and a member of the Audit & Risk Committee and the Nomination Committee. Thomas was appointed to the Board on 29 May 2014.

Committee membership:

A&R NOM

Kathleen Guion

Independent Non-Executive Director and Chair of the Remuneration Committee

Appointment: May 2014

Kathleen's experience in the retail sector spans more than 40 years, during which time she has held senior executive management positions in retail operations in United States retail chains involved in rolling-out large expansion programmes. She was division president and executive vice president of Dollar General Corporation from 2003 to 2011, and held senior positions in E-Z Serve Corporation, 7-Eleven Corporation, Duke and Long Distributing and Devon Partners. She is currently a Non-Executive Director and member of the Audit Committee and Remuneration Committee of FJ Management Inc in the US. Kathleen chairs the Remuneration Committee and is a member of the Nomination Committee of B&M. Kathleen was appointed to the Board on 29 May 2014.

Committee membership:

REM NOM

Ron McMillan

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. He is the Senior Independent Director and Audit Committee Chairman of N Brown Group PLC, SCS PLC and 888 Holdings PLC and Chairman of the Audit Committee of HomeServe plc. Ron chairs the Audit & Risk Committee and is a member of the Remuneration Committee and the Nomination Committee of B&M. Ron was appointed to the Board on 29 May 2014.

Committee membership:

A&R REM NOM

Harry Brouwer

Independent Non-Executive Director

Appointment: May 2014

Harry has over 30 years' experience working in the FMCG supply chain sector, during which time he has held a number of senior executive management, marketing and customer development positions in national, pan-European and international businesses of Unilever. He is currently the Executive Vice President of Unilever Food Solutions globally and prior to that held senior management roles with Unilever in Germany, Austria, Switzerland, Benelux, UK, Ireland, the United States and Asia. Harry is a member of the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee of B&M. Harry was appointed to the Board on 29 May 2014.

Committee membership:

A&R REM NOM

Committee membership:

A&R Audit & Risk

REM Remuneration

NOM Nomination

Committee Chair

Corporate governance report

"Carrying out the Board evaluation review at an early stage following my appointment has been useful in providing me with a good insight and context as the new Chairman, from which I can now take up the reins of the governance programme of the Board."

Peter Bamford
Chairman

Chairman's introduction

Following a thorough induction process from January 2018, I joined the Company as your Chairman on 1 March 2018. I am delighted to say that I have joined a talented Board with a very broad range of skills and experience. The directors have had many years of operating in leading retail and consumer product supply chain businesses across a range of international markets. I am both proud and pleased to be leading that team as your new Chairman.

I would like to thank my predecessor Sir Terry Leahy for his commitment, stewardship and oversight in relation to the solid and effective corporate governance structure and processes which he ensured were put in place, and for his successful leadership of the Board since the IPO of the Company in 2014. As your Chairman I intend to develop the approach to governance further as the company continues to grow and mature and as new themes and objectives in relation to corporate governance evolve, not least with the revised UK Corporate Governance Code which is currently expected to be published in the Summer of this year.

Both during my induction and since my appointment, I have met each of the Executive and Non-Executive Directors of the Board on a one-to-one basis, we have also held the first Nomination Committee meeting so far under my Chairmanship of that Committee, and we have revised and adopted a new Diversity Policy for the Board and senior management of the Group.

I have discussed with Consilium Board Consultants, who conducted the external evaluation review of the Board and its Committee's last year, the findings and recommendations from their report on that review. I also invited feedback on those findings and recommendations from each of the members of the Board this year, in relation to progress which has been made during the course of the last 12 months and on any areas for further development. In conjunction with that we have also conducted an internal evaluation of the Board and its Committees which was led by me and with the assistance of the Group's General Counsel. Carrying out the Board evaluation review at an early stage following my appointment has been useful in providing me with a good insight and context as the new Chairman, from which I can now take up the reins of the governance programme of the Board going forward. The key actions from the review process are set out further on page 45 below.

In relation to succession planning and diversity, we have also commenced a search process for at least one further Non-Executive Director to join the Board sometime hopefully in 2018. For Board appointments it is our intention to improve our gender balance on the Board (and at other senior management levels) but at the same time to take into account other aspects of diversity which are important to us to maintain the right degree of relevant experience in relation to such appointments. Further information on our Diversity Policy is set out on page 45 below.

Finally, our corporate governance structures and processes are intended to ensure that we maintain robust oversight and effective Board decision making. In that context as your Chairman I will continue to ensure that we maintain a culture of healthy open debate at the Board, and, that the Board provides constructive challenge to the management team, so that the best outcomes are achieved for the Group, its employees, our shareholders and all other stakeholders in the years ahead.

Peter Bamford
Chairman
29 May 2018

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 April 2016 (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 38 and 39 for more information

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;
- review of the adequacy and effectiveness of the Group's internal financial controls and control and risk management systems.

See pages 48 to 51 for a copy of the Committee's report

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.

See pages 44 and 45 for a copy of the Committee's report

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 certain other members of senior management of the Group;
- 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.

See pages 52 to 64 for a copy of the Committee's report

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 are responsible for implementation of day to day operational and strategic matters delegated to it by the Board in relation to each of the UK and German retail businesses of the Group which include B&M, Heron Foods and Jawoll. An executive committee of senior executives chaired by the CEO holds regular monthly meetings to review progress and management activities of the Group.

Corporate governance report
continued

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 41). The reports of each of the Committees for the year under review are set out on pages 44 and 45, 48 to 51 and 52 to 64.

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 Jawoll businesses.

Members of the broader senior management teams of B&M, Heron Foods and Jawoll participate at meetings and store tours of the Board during the course of the year and attend the annual strategy day of the Group.

Implementation of Board strategy, decisions and policies are delegated to the Executive Directors of the Company for implementation in relation to 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 Jawoll businesses of the Group.

Schedule of matters reserved to the Board

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

- 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;
- ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives;
- approving the structure, size and composition of the Board and remuneration of the Non-Executive Directors;
- ensuring the maintenance of a sound system of internal controls and risk management;
- reviewing the Company's overall corporate governance and approving the division of responsibilities of members of the Board; and
- approving and supervising any material litigation, insurance levels of the Group and the appointment of the Group's professional advisers.

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.

The Group's strategy day includes attendance and participation from members of the broader senior management teams of B&M, Heron Foods and Jawoll.

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 6 board meetings during the financial year 2017/18.

Attendance at Board and Committee meetings was as follows:

	Board	Audit & Risk Committee	Nomination Committee	Remuneration Committee
Meetings during 2017	6	4	3	4
Directors	Attended	Attended	Attended	Attended
Peter Bamford – Chairman (appointed 1 March 2018)[1]	1	–	1	–
Simon Arora	6	–	3	–
Paul McDonald	6	–	–	–
Thomas Hübner	6	4	3	–
Kathleen Guion	6	–	3	4
Ron McMillan	6	4	3	4
Harry Brouwer	6	4	3	4
Directors who retired from the Board during 2017/18:				
Sir Terry Leahy (retired 1 March 2018)[2]	4	–	2	–
David Novak (retired 18 January 2018)[3]	4	–	–	–

1 From Peter Bamford's appointment on 1 March 2018 to the year ended 31 March 2018 there was 1 Board Meeting and 1 Nomination Committee meeting. He attended and chaired both meetings, being a 100% attendance record since his appointment for the period under review.
2 Sir Terry Leahy was unable to attend 1 of the 5 Board meetings held during his term of office due to illness.
3 David Novak was unable to attend 1 of the 5 Board meetings held during his term of office due to a prior commitment which he had notified in advance to Sir Terry Leahy as Chairman at that time.

Further meetings of the Board, Audit & Risk Committee, Nomination Committee and the Remuneration Committee have also been held since the year end.

The Company held one general meeting of shareholders in the year under review, being the Annual General Meeting on 28 July 2017. That meeting was attended by all the Directors.

During the year a meeting of the Non-Executive Directors was held without the Chairman being present and following the new Chairman's appointment in March 2018 meetings of the Non-Executive Directors have also been scheduled for the new financial year, both with and without the Chairman.

The new Chairman has also had one-to-one meetings in the year under review with the Senior Independent Director and each of the other three Independent Non-Executive Directors.

Board composition

In November 2017 the Company announced the successful conclusion of the external search process for a new Chairman, with the appointment of Peter Bamford who joined the Board as Chairman on 1 March 2018 as successor to Sir Terry Leahy who retired from the Board on that date. Peter has extensive experience of the retail sector and high growth international businesses and brands, and, strength in depth as a director and chairman having served on PLC boards for over 21 years. In his executive career Peter was formerly Chief Executive of Vodafone NEMEA region and Chief Executive of Vodafone UK until 2006, and before that he held a number of board and senior executive positions with leading retailers including WH Smith, Tesco and Kingfisher. Peter is currently also the Chairman of Superdry plc and Deputy Chairman and Senior Independent Director of Spire Healthcare Group plc.

Other changes to the Board in the year included the retirement of David Novak on 18 January 2018 following Clayton, Dubilier & Rice, LLC, (which together with funds advised by them held shares through CD&R European Value Retail Investment S.à r.l in the Company) having sold their remaining shareholding in the Company.

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

The Code recommends that at least half of the Board, excluding the Chairman, should comprise Independent Non-Executive Directors. The Company meets this requirement and has done so throughout the whole of the year under review, with each of Thomas Hübner (Senior Independent Director), Kathleen Guion, Ron McMillan and Harry Brouwer being Independent Non-Executive Directors. Each of them are 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.

While the Company did not comply with the independence criteria in relation to the appointment of the Chairman under the Code previously in relation to Sir Terry Leahy (in view of his position as a senior adviser to Clayton, Dubilier & Rice, LLC), the Company has complied with the independence criteria relating to the appointment of the Chairman under the Code, on the appointment of Peter Bamford as Chairman (in succession to Sir Terry Leahy) on 1 March 2018.

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 2018, SSA Investments (together with Praxis Nominees Limited as its nominee) held 14.98% of the total issued shares in the Company.

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 57 and 58.

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 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. The Chairman is also responsible for ensuring the Company maintains effective communication with shareholders and that their views are communicated to the Board.

Chief Executive 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 implementation of other Board decisions. His role is supported by the Group CFO and the executive committee of B&M and senior management in each of the Group's businesses.

Diversity

Details of the Company's gender diversity in relation to the management of the Group are included in the Corporate Social Responsibility Report on pages 31 to 37. The Company currently has one female Board member and one of the three main standing Committees of the Board is also chaired by that female member. The Nomination Committee has reviewed the Company's diversity policy this year and adopted a new policy which has been approved by the Board which relates to all aspects of diversity including gender, in relation to appointments of the Board and the senior management team. Further details of the policy are set out on page 45 below.

Corporate governance report
continued

Conflict of interests

Simon and Bobby 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 Leases 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 subject 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 review for the Related Party Leases Committee of the Board;
- the Company's Sponsor provides a written opinion to the Company in advance of the Related Party Leases 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 Leases Committee on behalf of the Board, and, in its updates to the Board the Committee provide copies of all the above reports and opinions to the Board;
- the Related Party Leases 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, and in relation to Jawoll they are considered independently of Stern family interests.

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 Leases 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.

In relation to certain properties leased by the Group's German business from interests of Ingo Stern (while he was Jawoll's CEO until 31 October 2017 when he retired from the Group), reports from external independent Property Consultants on leases are commissioned by the Group, the opinion of the Sponsor is obtained and the matter is put to the Board independently of Stern family interests.

See page 67 in relation to details of related party transactions entered into in the financial year 2017/18 and also as set out in note 28 on page 108 of the financial statements.

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 are Ron McMillan (Chair), Thomas Hübner (Senior Independent Director) and Harry Brouwer. 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 38 and 39 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 41 above.

All meetings of the Committee are attended by the CFO, the General Counsel, and the Chairman of the Board, in each case at the invitation of the Chairman of the Committee. Also attendance and participation is made at each meeting by members of the Group's Internal Audit function and the Luxembourg and UK audit partners of the Group's external auditors.

The Audit & Risk Committee Report on pages 48 to 51 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 are Kathleen Guion (Chair), Ron McMillan and Harry Brouwer.

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 41 above.

All meetings of the Committee are attended by the 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 52 to 64 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 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 41 above.

The members of the Nomination Committee are Peter Bamford (Chair), Simon Arora, Thomas Hübner, Kathleen Guion, Ron McMillan and Harry Brouwer. All meetings of the Committee are also attended by the General Counsel, at the invitation of the Chairman of the Committee.

The Committee's terms of reference provide that it will meet not less than twice a year, and it has had three meetings in the year under review.

During the year under review the main activities of the Committee are as follows:

Chairman succession
The Committee oversaw the process of identifying and recommending the appointment of the new Chairman of the Board to succeed Sir Terry Leahy. The search was carried out by the Committee with the assistance of The Zygos Partnership (now part of Russell Reynolds Associates) who were a signatory to the voluntary code of conduct for executive search firms, and they had no other connection with the Group.

A wide ranging search was undertaken and a number of potential candidates were identified and interviewed as part of that process. The Committee considered the experience and skills of the candidates and each of the members of the Committee participated in interviews with the final preferred candidates. This process was successfully concluded with the recommendation to the Board, and its approval of, the appointment of Peter Bamford as the new Chairman with effect from 1 March 2018.

Diversity policy
In relation to diversity the overall objective of the Nomination Committee 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.

To assist the Board in relation to diversity, and with regard to the Alexander-Hampton Review and the Parker Review, the Committee recommended to the Board the adoption of a new Diversity Policy, and that policy was approved by the Board in March this year.

While appointments to the Board are based on merit so that the best candidates are appointed, 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.

In relation to gender diversity and implementation of the policy, the Board currently has 14% female representation with one female member. That female members chairs the Remuneration Committee, being one of the three main Committees of the Board. The Board is conscious of the minimum recommended voluntary target of 33% female representation by 2020. The Board is therefore planning to bring forward female candidates within its diversity criteria to build on its gender mix and aims to do so by 2020 but without setting a specific target.

The executive committee of B&M does not have any female representation but the proportion of female managers among the direct reports to that committee is 40.5%. Again it is the Board's intention within the diversity criteria referred to above to see that there is a greater mix on the executive committee by 2020.

In relation to ethnic diversity and the Parker Review recommendations, the Company already complies with those in relation to Board representation and also the executive committee of B&M.

Board and Committee effectiveness review
Board and Committee effectiveness reviews for the year were conducted after the appointment of Peter Bamford as the new Chairman. As part of that process the Chairman met with each of the Executive and Non-Executive Directors on a one-to-one basis to discuss matters relating to the Board, its balance and the monitoring of the exercise of powers of the Executive Directors. The Directors also provided feedback through the Group's General Counsel on progress made in the year in relation to the report on the external Board review last year of Consilium Board Consultants. Each of the three main Committees of the Board also carried out an internal evaluation exercise this year with the completion of questionnaires, which was facilitated by the Group's General Counsel, and the results of which were considered by the Board.

From each of the above reviews it was noted that:
- there was a unanimous view that the Board, its Committees and each of their members remain effective;
- the Board has a very good balance of skills with its current members, but it could also be enhanced further by the recruitment of an additional Non-Executive Director with recent and relevant experience of and exposure to the investment community; and
- while progress has been made in relation to arranging more time at Board meetings to be devoted to discussions on strategic items along with participation and presentations from members of the executive committee and broader senior management teams, an annual programme of areas for in-depth consideration by the Board for the year ahead has also been prepared and agreed by the Board, which links back to key areas which were discussed at the annual strategy day in March this year.

Following each of the above evaluations and reviews, the Chairman is satisfied that the current Board and standing Committees have an appropriate balance of skills and experience to discharge their duties and remain effective.

No changes to any of the Committees or their respective Chairs have been recommended by the Nomination Committee following the reviews this year, other than the succession by Peter Bamford to Sir Terry Leahy as Chair of the Nomination Committee on 1 March 2018.

In light of the new Chairman's appointment only having taken place on 1 March 2018, the Senior Independent Director will lead a review of the Chairman's performance during the year ahead, with sounding also being taken from the other Independent Non-Executive Directors.

Where Directors have external appointments, the Board is 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 30 July 2018.

Corporate governance report
continued

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 Peter Bamford as the new Chairman took place this year with:

- a series of structured meetings over 2 months with each of the Executive Directors, members of the Executive Committee of B&M and the Group's General Counsel;
- his participation as an observer at the January Board meeting and two Committee meetings this year;
- a distribution centre and store tour at B&M;
- meetings with senior management of Heron Foods and Jawoll at each of their headquarters; and
- meetings with the Group's brokers and advisors.

The induction process provided Peter with early exposure to each of the three businesses in the Group and how the business model is applied and executed by them in relation to each of their retail operations. 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 has 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 Jawoll 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 Jawoll businesses.

The Chairman meets each Non-Executive Director individually at least once a year and this includes discussion where necessary of any further training and development needs.

The Nomination Committee also 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 reviews and Board evaluation exercise carried out in the financial year 2017/18 as referred to on page 45 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 30 July 2018.

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 3 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; and

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 wrong doing 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 2018 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 26 to 29.

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.

Following the launch of the £250m bond in February 2017, 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 66;
(b) relationship agreement and independence statement – page 67.

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 65 to 69 below.

Peter Bamford
Chairman
29 May 2018

Corporate governance

Audit & Risk Committee report

"The Audit & Risk 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."

Ron McMillan
Chairman of the Audit & Risk Committee

Dear Shareholder,

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 risks. In relation to risks and controls, the Committee ensures that these have been identified and that appropriate responsibilities and accountabilities have been set.

To achieve its objectives, the Committee works closely with the Board and B&M's management to ensure that all significant risks are considered on an ongoing basis and that all communications with shareholders are properly considered.

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.

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 30, in the principal risks and uncertainties section of the Strategic Report.

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 shall also be available at the Annual General Meeting on 30 July 2018 to answer any questions you may have on this report and 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
29 May 2018

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 38 and 39, 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, each of whom has been in the post since June 2014, were Ron McMillan, Thomas Hübner and Harry Brouwer. Details of Committee meetings and attendances are set out on page 42 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 of 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 as CFO, the General Counsel and representatives from the internal and external auditors attend all meetings and, in addition, the Chairman of the Board regularly attends meetings.

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; and
- keeping under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems.

Committee activities in 2017/18

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 General Counsel and the internal and external auditors.

The recurring work of the Committee comprised:

- 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; and
- approval of the internal audit plan.

The Committee also considered the following matters during the year:

- Data Protection compliance in relation to GDPR;
- Related party transactions in relation to store leases;
- the external audit plan;
- the viability statement prepared by management;
- each of the matters listed below under the section headed Internal Audit where reports were provided during the year to the Committee; and
- each of the other key matters which are reported on under each of the sections below.

Accounting matters

The Committee considered the following accounting matters in particular during the year:

- impairment testing of Jawoll goodwill and related Annual Report disclosures;
- the methodology applied by Jawoll to value inventory;
- accounting for put and call options in relation to the Jawoll acquisition;
- accounting relating to the acquisition of Heron Foods including the treatment of deferred consideration and the valuation of intangibles;
- the accounting for supplier rebates; and
- the implications for the Group of adopting IFRS 9, 15 and 16.

Each of the above accounting matters was considered by the Committee during the year under review and, with the exception of IFRS 16 on the new lease accounting standard, none of these accounting matters was considered to be of a significant nature. To consider the impact of IFRS 16 going forward, the Committee was satisfied that the Group has developed a model to be able to understand the impact on the financial statements of the new standard. The Committee was also satisfied that the Group has mitigated risks associated with it by having engaged KPMG (outside of the audit procedures) to test the assumptions and the methodology included in the model.

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 Committee reviewed the Group's IT controls and the Group's business continuity plans and was satisfied that IT controls are effective and that the Group has effective business continuity plans.

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

Audit & Risk Committee report
continued

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 and Stern Family interests. Details of that process are set out on page 44 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. The Committee also reviews the trading performance of stores which have related party leases.

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 27 to 29.

The Board has confirmed that it has carried out a robust assessment of the principal risks facing the Group, including 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 report
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
The Committee considered the going concern position of the Group and the Viability Statement set out on page 30. In so doing, the Committee ensured that the assumptions underpinning forecasts were stress tested and that the factors which impact risks and uncertainties were properly considered.

External auditors
KPMG Luxembourg Société Coopérative (KPMG) were re-appointed by shareholders at the Annual General Meeting on 28 July 2018 as the Group's independent external auditors (réviseur d'entreprises agréé) for the financial year ended 31 March 2018. The partners responsible for the audit are Thierry Ravasio, a partner in KPMG's Luxembourg office and Nicola Quayle, a partner in KPMG's Manchester office. The Committee has reviewed the performance of KPMG, a process which involved all Committee members, the CFO and senior members of the financial function 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 30 July 2018. Given KPMG's relatively short tenure as auditors for the last two financial years only, the Board has no present plans to consider an audit tender process.

The Committee reviewed the reports prepared by KPMG on key audit findings and any significant deficiencies in the control environment, as well as the recommendations made by KPMG to improve processes and controls together with management's responses to those recommendations. KPMG did not highlight any significant internal control weaknesses and management has committed to making appropriate changes in controls in other 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 £452,500 during the year, £98,500 of which was for non-audit work with the remaining balance relating to audit services. The majority of the non-audit work of £98,500 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. 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:

- Product recalls and customer complaints;
- Repair and maintenance programmes;
- Employee eligibility checks;
- Heron Foods supply chain;
- Staff expense claims;
- Store stock taking procedures;
- Refunds at stores;
- Regulatory compliance in Heron Foods;
- Corporate policies and procedures;
- Warehouse management systems;
- The risk registers and risk mitigations;
- The Corporate Criminal Offences Act 2017;
- GDPR data permeation mapping;
- Foreign currency and interest rate volatility; and
- Payroll processes and stock holdings in Jawoll.

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 effectiveness

The effectiveness of the Committee during the year was evaluated as part of a broader Board effectiveness review conducted internally and led by the Chairman of the Board as described on page 45 above. The overall conclusion of the review was that the Committee remains effective in discharging its functions and reporting to the Board.

Ron McMillan
Chairman of the Audit & Risk Committee
29 May 2018

Corporate governance

Directors' remuneration report

Annual Statement by the Chair of the Remuneration Committee

"I am pleased to present our revised remuneration policy subject to approval by shareholders at our AGM this year."

Kathleen Guion
Chair of the Remuneration Committee

Dear Shareholder,

I am pleased to present this year's annual report on remuneration.

Key developments for 2017/18

The Remuneration Committee (the "Committee") introduced a formal Directors' Remuneration Policy for the Company at the 2015 AGM which received the support of 99.71% of shareholders who voted on the resolution in relation to the policy.

As required by UK law, such policies need to be renewed at least every three years. Although, as a Luxembourg company, the Company is not subject to this regime, the Committee has decided to adopt an approach which is consistent with those regulations on a voluntary basis, while maintaining the Company's status as a Luxembourg registered company.

Shareholder consent is being sought at the 2018 AGM for approval of an updated policy as set out below.

Performance and awards for 2017/18

The performance of the Group in 2017/18 has continued to be strong. Total Group revenues increased by 24.6%, profit before tax increased by 25.4%, the Group's cash flow from operations increased by 14.8% and there was also a 7.3% increase in the number of B&M UK stores in the year. The Group also successfully completed the acquisition of the frozen and chilled food value convenience retailer, Heron Foods.

This resulted in an Annual Incentive Plan ("AIP") out-turn for the CEO and CFO of 69% and 64% of their respective maximums, which reflected this continued strong financial performance together with the Committee's assessment against the objectives set for them this year.

The LTIP granted to the CFO awarded in 2015 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 31 March 2018. The TSR condition was fully met. The adjusted earnings per share was 17.8p being a 77.5% out-turn under that measure and giving an 89% overall vesting of that award at the end of the holding period which will be in August 2020.

Format of the report

The report below sets out:

- the Company's forward-looking Directors' Remuneration Policy from 2017/18, on pages 53 to 58, which is subject to a shareholder advisory vote at our 2018 AGM; and
- the Company's Annual Remuneration Report which details the remuneration paid to the Directors' in the 2017/18 financial year, on pages 59 to 64, which is subject to a separate shareholder advisory vote at our 2018 AGM.

There will also be a vote at this years' AGM on the changes to the LTIP and on the introduction of the deferred bonus plan.

I hope that you will agree with the various decisions of the Committee and support the resolutions to be presented to the AGM.

Yours sincerely

Kathleen Guion
Chair of the Remuneration Committee
29 May 2018

Remuneration policy report

Role of the Remuneration Committee

The Committee has responsibility for determining the Company's policy on remuneration of the Executive Directors and the Chairman and other senior management of the Group who are members of its Executive Committee.

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 for the forward-looking policy from 2018/19 has been structured to adhere to the principles of good corporate governance and having regard to pay across the wider workforce and to 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 has consulted with a number of shareholders and investor bodies, before the publication of the policy in this report.

There will be a vote on the forward-looking remuneration policy, the remuneration report for 2017/18, the changes to the LTIP and the introduction of the deferred bonus plan at this year's AGM.

The Committee also welcomes feedback generally at any time which will be considered as part of its annual review of remuneration policy.

Remuneration policy overview

Over the period since IPO to 31 March 2018, the Company's share price has increased from £2.70 at IPO to £3.91 (being a 45% increase) as at the end of the 2017/18 financial year. In addition, each shareholder has received dividends of 26.4p in respect of this period generating a total shareholder return of 58%.

Similarly, revenues have increased in the same period by 138% and Adjusted EBITDA[1] by 123% and the number of stores has increased by 148% (both organically and following the acquisition of Heron Foods) and the balance sheet remains strong with net debt to Adjusted EBITDA[1] of 1.92 times being well within the Group's 2.25 times target.

The Company has continued to outperform other retailers, being ranked in the upper quartile of FTSE350 retailers over the last 3 years.

The Committee feels that these excellent returns have been delivered through the contribution of a strong, committed and very experienced management team in this sector. The overall philosophy for the Company remains to pay at no more than a market median level and, in respect of both of the current Executive Directors, even with the proposed increases under the updated policy, their total target packages will remain at a material discount to market median level. The Committee, being mindful of the external environment and the intent of the Company to remain conservative, and, also to recognise the outstanding results delivered to shareholders, has looked to strike an appropriate balance and proposes the increases as set out below.

[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 above. These items are based on statutory accounting periods which include the 53 week period for the financial year 2017/18.

The Committee considers that the current policy, as approved in 2015, has served the Company well and, therefore, proposes its renewal with only a limited number of modifications. The material changes to the policy which are proposed are:

- consistent with developments in best practice since its adoption in 2015, going forward, bonuses will include provision for 1/3 of any bonus achieved to be deferred into shares for 3 years;
- an increase in the maximum bonus opportunity for the CFO to 125% of salary (the 150% limit for the CEO remaining unchanged);
- the LTIP has provided an appropriate means of aligning the remuneration of the Executive Directors with the wider shareholder experience and already reflects best practice with a two year holding period subsequent to the three year performance period. However, the plan provides for awards significantly below market levels in two respects, there is a normal annual limit of one times base salary (compared with a market norm of at least two times base salary) and the plan is not aligned with shareholder experience by not including any credit for participants with any dividend accrual on awards when they vest. It is proposed that the updated policy and the LTIP plan be modified to reflect these features.

Other proposed changes to the policy are more procedural and are highlighted in the policy below.

While technically outside the policy, the Committee has invested considerable time since IPO in aligning the bonus out-turn to a robust performance management system and considers that the Company is now ready to simplify the bonus metrics to a more conventional metric with 75% linked to financial performance (which will initially remain Adjusted Group EBITDA) and 15% linked to personal KPIs with the final 10% linked to personal development objectives. The Committee has retained discretion to reduce the out-turn under the non-financial elements if it does not consider the assessment to be reflective of the overall performance.

Finally, although permitted under the existing policy the CEO had voluntarily chosen not to participate in the LTIP, with effect from the 2018/19 grant it is proposed that the CEO will participate at the appropriate market level (2 times base salary) with the CFO participating at 1.75 times base salary.

These revised arrangements lead to the CEO and CFO's total target package being set at least 7% below the median data (even before taking into account January 2018 salary reviews in the market place generally) for companies of an equivalent market cap and at least a 20% discount to median for retailers of a comparable size which demonstrates the Committee's commitment to adopting a responsible approach to setting pay levels.

The Directors' remuneration policy

The Remuneration Committee presents the Directors' Remuneration Policy looking forward from 2018/19, which will be put to an advisory vote at the Annual General Meeting on 30 July 2018. The revised policy, if approved by shareholders, will take effect from the 2018 AGM and remain in force, unless a different policy is approved by shareholders, until the conclusion of the 2021 AGM.

Directors' remuneration report
continued

Policy Table

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. Change: no material changes; cap re-expressed in pounds to comply with recent guidance.	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. Change: clarifying that tax equalisation payments would be permitted in appropriate circumstances.	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. Change: reduce the cap for new directors.	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.

Element and purpose	Policy and opportunity	Operation and performance conditions
Annual bonus To incentivise and reward individuals for the delivery of annual performance targets. Change: increase the limit for other executive directors to 125% of salary. Change: deferral of one-third of annual bonuses into shares.	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.
Long-term incentives To incentivise the delivery of strategic objectives over the longer term, the Group operates the Long-Term Incentive Plan ("LTIP"). Change: increase the plan limit to 2x base salary and permit dividend roll-up to vesting.	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.

Directors' remuneration report
continued

Element and purpose	Policy and opportunity	Operation and performance conditions
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.

Notes to the policy table:
The Company has received advice that, under the 2013 regulations made under amendments to the Companies Act 2006 relating to reporting of executive director remuneration, caps are required on each element of pay which are included in the policy. This report has therefore been prepared on that basis, notwithstanding any variations in market practice generally on company remuneration policy reporting and also while maintaining the Company's status as a Luxembourg registered company. Any maximum caps in the table, on any element of pay in the policy, are not intended to represent amounts which will necessarily be awarded at any time but are caps only.

Existing awards

The Company will honour any commitments already entered into in the 2014/15 financial year with Executive Directors and/or any other pre-existing commitments on any person joining the Board.

Remuneration policy and other employees

As part of the review of the remuneration policy, the benchmarking review of the Executive Directors' remuneration also included a review of the remuneration of other members of the executive committee of the Group. Their base salaries have also been reviewed with effect from 1 April 2018.

As well as the Executive Directors, other members of the executive committee of the Group will also participate in the performance based Annual Incentive Plan. Other members of the executive committee of the Group and a group of other senior management also participate in restricted stock awards.

The remuneration policy for senior executives is more weighted toward variable pay than for other employees. However the Company is committed to widespread share ownership. The Company operates an All-employee UK Share Incentive Plan ("SIP"). Under the SIP, Executive Directors are eligible to participate on a consistent basis to all other employees.

In setting the remuneration policy for Executive Directors, the Committee will also have regard to pay structures across the broader Group. The Committee does not consult directly with employees when reviewing Executive Directors remuneration, but it will take account of the general basic salary increase for the broader salaried workforce when undertaking annual salary reviews for the Executive Directors going forward.
The Committee takes advice from FIT, its independent remuneration consultants, on the benchmarking and structure of remuneration packages for Executive Directors and other senior management.

Operation of variable pay

Annual Incentive Plan

The Committee will set the performance targets annually under the annual incentive plan to take account of the Company's strategic plan and financial performance. The performance targets are set by the Committee based on a range of factors including against the budget for the financial year. The metrics adopted by the Committee and the weighting of them may vary in relation to the Company's strategy each year.

The Committee sets a threshold pay-out, target and a maximum pay-out target under the plan. There is a straight line vesting between those points.

For 2018/19, the plan comprises the following elements:
- 75% EBITDA;
- 15% linked to personal KPIs (which may include financial measures); and
- 10% linked to personal development.

The Committee has retained discretion to reduce the out-turn under the non-financial elements if it does not consider the assessment to be reflective of the overall performance.

Long Term Incentive Plan

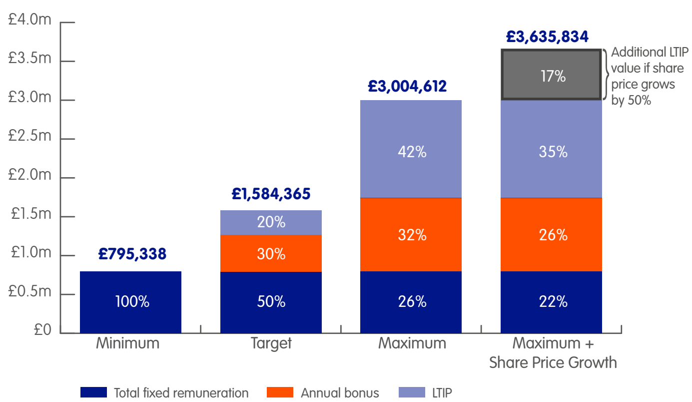
The Committee will regularly review the performance targets in relation to the LTIP to take account of the Company's strategic plan and financial performance. Targets will be set by the Committee at the time of the grant of each award. In making awards for 2018/19 the Committee is adopting a combination of financial and market-based performance conditions for the LTIP, with 50% based on relative TSR and 50% EPS growth as a target approach to reward long-term performance. The target ranges for 2018/19 awards are set out in the implementation report on page 62 below.

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.

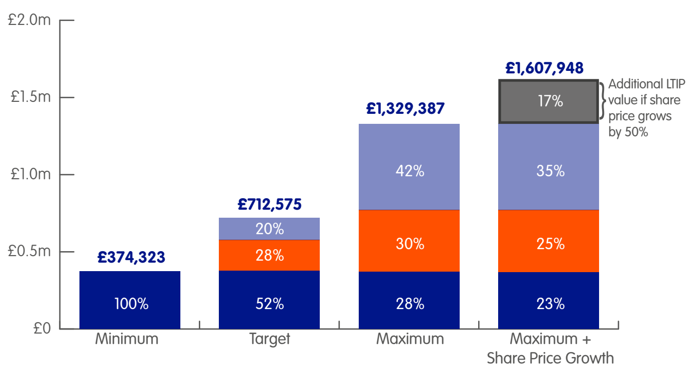
Potential reward scenarios

The table below shows an estimate of the total potential rewards of the Executive Directors' remuneration packages for the financial year ending 31 March 2018, as a percentage of total potential remuneration and total value, for the policy as it will be implemented in 2018/19. Share price movements and dividend accrual have been excluded from the indicative scenarios below.

Chief Executive Officer



Chief Financial Officer



Assumptions:
- the minimum scenario reflects fixed remuneration only which is base salary, pension and benefits;
- the on-target scenario reflects fixed remuneration plus 50% of the maximum annual bonus under the annual incentive plan, and 25% vesting under the LTIP being the threshold level (assuming an award of 200% of salary to the CEO and 175% to the CFO under the LTIP);
- the maximum scenario reflects fixed remuneration plus 100% of the maximum annual bonus under the annual incentive plan which is 150% of base salary for the CEO and 125% of base salary for the CFO, 100% vesting under the LTIP (assuming an award of 200% of salary to the CEO and 175% to the CFO under the LTIP).

Recruitment and promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's remuneration policy at the time of the appointment.

Additionally, on the appointment of any new Executive Director (whether by external recruitment or internal promotion) the remuneration policy will permit the following:
- the UK regulations do not require that the caps on fixed pay apply to a new recruit and the Committee reserves the right to set fixed pay at such levels as it considers necessary although, in practice, it envisages abiding by the caps set out in the policy;
- if a new executive's salary is set on appointment below the appropriate market rates, phased increases (as a percentage of salary) above those granted generally to other employees may be awarded subject to the individual's performance and development;
- the Company may compensate a new Executive Director for amounts foregone from the individual's former employer (as permitted under the Listing Rules) taking account of the amount forfeited, the extent of any performance conditions, the nature of the award and the time period to vesting;
- the annual incentive plan would operate in accordance with its terms, pro-rated for the period of employment and, dependent on the appointment and timing, different performance targets might be set as the Committee considers appropriate;
- on an internal appointment, any variable pay element awarded in respect of the individual's former role would be allowed to pay out according to its terms, with any relevant adjustment to take account of the appointment. Any other ongoing remuneration obligations existing prior to the appointment would also continue;
- on any appointments, the Committee may agree that the Company will meet appropriate relocation expenses.

Service contracts and payments for loss of office

Main provisions on termination
The service contract for the CEO is terminable by either the Company or the CEO on twelve months' notice and the service contract for the CFO by either party on six months' notice. The service contracts are dated 29 May 2014 in relation to the CEO and 2 July 2015 in relation to the CFO.

An Executive Director's service contract can also be terminated without notice or payment of compensation except for pay accrued up to the termination date on the occurrence of certain events such as gross misconduct.

Payment in lieu of notice equal to base salary only for the unexpired period of notice can be paid under both of the Executive Directors' service contracts.

There are no enhanced provisions on a change of control under the Executive Directors' service contracts.

Any new contracts will be on similar terms.

The service contracts of the Executive Directors are available for inspection at the registered office of the Company.

Annual bonus on termination
There is no contractual entitlement to annual bonus on termination. Under the Annual Incentive Plan, the Committee has an absolute discretion to permit a bonus to be paid to a leaver based on the full or part year performance, subject to consideration by the Committee of the reasons for the individual leaving. A full or pro-rata time based bonus may be awarded, and this may be paid either at or before the normal payment date.

Directors' remuneration report
continued

To the extent that part of a bonus has been paid in deferred shares, such shares will normally vest on the third anniversary of the date of them initially being awarded. In the event of voluntary resignation or dismissal for cause, such awards will be forfeited (unless the Committee determines otherwise). In other leaver situations, the awards will normally remain outstanding although the Committee has discretion to release such shares early. Such awards will normally also vest early on a change of control unless the Committee determines otherwise.

Performance share plans on termination
Share-based awards made under the Company's share plans are governed by the relevant plan rules. Under the rules of the LTIP, awards lapse if they have not vested on giving or being given notice of termination of employment for any reason, unless the Committee in its discretion permits an award to vest in whole or in part and on such terms as it may specify in its absolute discretion (in which event it will normally apply time pro-rating). Awards which have vested before giving or receiving notice of termination of employment remain exercisable for a period of twelve months after leaving or (if later) the expiry of any holding period which the award was subject to. Similar treatment may also apply in the event of a change of control.

External appointments
Subject to Board approval, Executive Directors are permitted to take on non-executive positions with other companies and to retain fees in respect of those appointments.

Chairman and Non-Executive Directors
Fees
The fee levels and structure of the Non-Executive Directors was set by the Board from Admission. The fees of the Non-Executive Directors are set by the Board (excluding the Non-Executive Directors) taking account of Chairmanship of Board committees and the time and responsibility of the roles of each of them. The fees are paid in cash. The Committee has responsibility for determining fees paid to the Chairman of the Board. All fees are subject to the aggregate fee cap for Directors in the Articles of Association of the Company, which is proposed to be increased at an EGM to be held on 30 July 2018 immediately following the 2018 AGM on that date to £1,000,000 per annum. In addition, expenses may be reimbursed.

Letters of appointment
All the Non-Executive Directors of the Company have letters of appointment dated 24 May 2017 (except for the Chairman's letter of appointment which is dated 13 November 2017) 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.

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.

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 2015.

This section of the report sets out how the Policy has been applied in the financial year 2017/18 and how, if the revised policy is approved at the AGM, it is intended to be applied in 2018/19.

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

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 2017/18.

Executive Directors	Year[1]	Salaries £	Benefits[2] £	Bonus £	Value of long term incentives[3] £	Pension[4] £	Total £
Simon Arora (CEO)	2016/17	589,375	32,028	678,692	–	103,636	1,403,731
	2017/18	612,497	37,873	618,416	–	107,294	1,376,080
Paul McDonald (CFO)	2016/17	297,250	5,941	216,565	221,674	39,235	780,665
	2017/18	308,911	8,273	193,408	298,573	40,367	849,532

1 The 2016/17 year is for the 52 weeks ended 25 March 2017 and the 2017/18 year is for the 53 weeks ended 31 March 2018. The Executive Directors received a 2% increase to their base salaries in 2017/18. The figures in the table above also include the impact of an additional week's pay.
2 Benefits in 2016/17 and 2017/18 include company car/car allowance cash equivalent as a benefit in kind, fuel and running costs, critical illness insurance, for the CFO only permanent healthcare insurance, and, life assurance for each Executive Director.
3 LTIP awards in 2016/17 and 2017/18 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 62. The 2015/16 grant has been tested and the result of that is explained on page 61 so it has been included in the above figures although it will not vest until the expiry of the holding period being on 5 August 2020.
4 For each of 2016/17 and 2017/18, pensions include auto-enrolment pension employer contributions and a cash equivalent allowance to pension contribution entitlement less employers' NICs.

Salary

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

The Executive Directors received a 5% increase in their base salaries with effect from the beginning of the 2018/19 financial year (which is within the cap in the current policy) as set out in the proposed updated remuneration policy for Directors.

The comparator group of retailers used in the benchmarking exercise in relation to the updated remuneration policy from the beginning of the 2018/19 financial year at the time of setting the CEO and CFO base salaries and overall remuneration packages included the following FTSE 350 retailers (being both the FTSE General Retailers Sector and the FTSE Food and Drug Retailers Index constituents): Card Factory, Dignity, Dixons Carphone, Greggs, Halfords, Inchcape, J Sainsbury, JD Sports Fashion, Marks & Spencer, Morrison Supermarkets, Next, Ocado, Pets At Home, Sports Direct, SSP, Tesco and WH Smith. In addition, the Committee reviews pan-sector data of companies with a comparable market capitalisation to the Company.

The increase in base salaries is reflective of the considerations made by the Committee in its review of the remuneration policy as referred to on page 53 along with changes proposed to elements of variable pay (as referred to below) and both reflecting the development of the Company since the first policy was adopted in 2015 and the increased experience and performance of the Executive Directors in their roles and maintaining the overall approach of the Company to total remuneration being at no more than market median levels.

Benefits

Benefits are set by the Committee in accordance with the remuneration policy set out on page 54 above. There are no changes proposed to the overall benefits under the proposed updated remuneration policy from the beginning of the 2018/19 financial year except to clarify that tax equalisation payments would be permitted in appropriate circumstances, although none are currently envisaged.

Pension

Pension contributions are in line with the existing 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 increases proposed to the rates of the pension benefits of the Executive Directors under the proposed updated remuneration policy from the beginning of the 2018/19, 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, and any new Executive Directors will be capped at 15% of base salary in accordance with the proposed changes to the remuneration policy.

Bonus

Executive Directors received bonus payments in 2017/18 in line with the remuneration policy and the terms of the Annual Incentive Plan ("AIP"), in the amounts set out in the table on this page above.

The financial targets for 2017/18 were set against Adjusted Group EBITDA performance as follows:

	Adjusted Group EBITDA target*	% maximum overall Bonus opportunity
Threshold	£239.85m	12.5%
Target	£266.50m	25%
Max	£279.825m	50%
Actual	£271.4m	68.6%

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

Directors' remuneration report
continued

The other 50% of the AIP related to personal and leadership development objectives which would only deliver a payment to the extent the above financial range was also met (i.e. executives received the lower of the financial out-turn percentage and the assessment of their personal and leadership development). These objectives focused on a number of key performance indicators ranging from strategic, operational and investor relations matters.

In particular:	CEO	CFO
Personal Objectives (30% weighting)	The CEO was set: (i) a target range for UK new store openings of which over 90% of the target range of between 40 to 50 was achieved with 47 gross new stores being opened in the year under review; (ii) trading growth Like-for-Like performance was exceeded against both budget and UK market comparators; (iii) targets relating to cost efficiencies, were fully achieved as a result of controls on overall labour costs as a percentage of revenue; (iv) environmental reductions in Like-for-Like estate power consumption goals, were met in full as a result of the continuing roll-out and investment in LED lighting and efficiencies within the store estate; and (v) investor relations outcomes were assessed as having been achieved, demonstrated by the strong share price and valuation improvement and significant large new longer term shareholders being added to the register this year while placings of over 11% of Company's equity took place on the sell downs by CD&R. **Overall 29 out of 30**	The CFO's targets focused on: (i) financial reporting quality standards tested by the Audit & Risk Committee, of which 75% was assessed as having been achieved based on the overall assessment of the Committee, as being of a high standard generally; (ii) treasury and banking including benchmarking of interest cost against the sector, which was assessed at a 75% performance overall with all the core elements having been successfully achieved; (iii) targets relating to cost control reductions measured as a proportion of total revenues were not met having remained broadly at the same percentage as the prior year; and (iv) investor relations outcomes were assessed as having been achieved demonstrated by the strong share price and valuation improvement and significant large new longer term shareholders being added to the register this year while placings of over 11% of Company's equity took place on the sell downs by CD&R. **Overall 17.5 out of 30**
Personal Development Objectives (20% weighting)	This included: (i) development of strategy including M&A and integration of acquisitions, which was assessed at 50% with the very successful acquisition of Heron Foods but the integration of Jawoll is expected to accelerate in the 2018/19 financial year; and (ii) succession planning in relation to acquisitions made by the Group, which was assessed as having been fully achieved as a result of the successful execution of the recruitment of a new CEO and broader executive team at Jawoll and the promotion of the operations director at Heron Foods to managing director of that business, in succession to board retirements at both of those businesses. **Overall 15 out of 20**	This included: (i) leading on due diligence on M&A acquisitions, which was assessed at 50% as demonstrated through the financial due diligence on the acquisition of Heron Foods and also measured against areas for development in relation to acquisitions in the future; (ii) execution of financial aspects of M&A, which was assessed at 100% as demonstrated on the very successful acquisition of Heron Foods; and (iii) integration of finance and reporting functions of acquired businesses, coaching of broader finance teams and development of collaboration between finance and operational functions, which were assessed at 50% each in relation to progress in the year to date overall. In relation to Jawoll, this is expected to develop further in the 2018/19 financial year with the new broader executive team now in place in the German business. **Overall 12 out of 20**

As the non-financial out-turn for the CEO of 44 out of 50 was higher than the financial out-turn of 68.58%, the amount awarded was reduced to this lower level. The CFO received the assessed out-turn of 29.5 out of 50.

Under the proposed updated remuneration policy from the beginning of the 2018/19 financial year to be approved at the 2018 AGM, it is not proposed to change the maximum bonus opportunity limit for the CEO but to increase it for other Executive Directors from 100% to 125% of base salary. The bonus metrics are also proposed to be simplified to a more conventional one with 75% linked to financial performance (which will initially remain Adjusted Group EBITDA) and 15% linked to personal KPIs with the final 10% linked to personal development objectives. The Committee will retain discretion to reduce the out-turn under the non-financial elements (and, indeed, more generally) if it does not consider the assessment to be reflective of the overall performance.

Awards are also subject to malus and claw-back provisions.

Accordingly, subject to shareholders approval of the updated policy, for 2018/19 it is proposed that the maximum bonus opportunity for the CEO remains at 150% of base salary and for the CFO it be increased to 125% of base salary. In relation to each award 1/3 of any bonus earned will be deferred into shares for 3 years.

The bonus metrics summarised above are to apply to the awards. 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 will again be included in next year's report retrospectively.

Long term incentives

The share award granted under the Company's Long-Term Incentive Plan ("LTIP") on 1 August 2014 to the CFO vested in full in the financial year 2017/18.

No other performance share awards vested in the financial year 2017/18 as other awards had not reached the end of the relevant performance period. However, the award granted on 5 August 2015 was based on a combination of EPS and TSR measured to 31 March 2018 and the out-turn of those targets was that the TSR condition was fully met and the adjusted earnings per share was 17.8p being an out-turn under that measure of 77.5%. While the award does not vest until the expiry of the holding period being on 5 August 2020, on the basis that the exercise conditions have been satisfied to the extent of 89% 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 with, for awards from 2015 onwards, a further two year holding period applying. The maximum individual limits for awards are capped at 100% of base salary (or 200% in exceptional circumstances) under the existing remuneration policy and LTIP Plan rules.

No awards were granted to the CEO under the LTIP in 2017/18, with the CEO having voluntarily chosen not to participate in LTIP awards in the period under review, similarly to the two previous financial years.

An award was made to the CFO under the LTIP on 7 August 2017 over shares then worth 100% of his base salary. Details of the award are set out in the table below.

For 2018/19, it is expected that awards will be made shortly following the announcement of the 2017/18 results. Subject to shareholders approval of the updated policy and changes to the LTIP rules, 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 2017/18. The TSR condition will be the same as the LTIP for 2017/18. The EPS range is set out on page 62. There will be a holding period expiring on the fifth anniversary of the date of the grant.

The proposed increased level of LTIP awards from 2018/19 is reflective of market levels of awards. It also maintains the overall total of salary and variable pay at being at no more than market median levels.

Remuneration of the Chairman and Non-Executive Directors – audited

Sir Terry Leahy did not receive any fees as Chairman of the Company for the financial year under review up to the date of his retirement from the Board on 1 March 2018. One of the other Non-Executive Directors, David Novak who retired from the Board on 18 January 2018, did not receive any fees either as he was not an independent Director.

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 2017/18 to Peter Bamford who was appointed as Chairman of the Board with effect from 1 March 2018 and each of the Non-Executive Directors were as follows, and the Non-Executive Directors fees will be the same as those in 2017/18 for 2018/19:

Director	2017/18 Fee £	2016/17 Fee £
Sir Terry Leahy (retired from the Board 1 March 2018)	–	–
Peter Bamford (appointed to the Board 1 March 2018)[1]	34,592	–
Thomas Hübner	74,500	71,500
Kathleen Guion	70,000	66,000
Ron McMillan	70,000	66,000
Harry Brouwer	58,000	55,000
David Novak (retired from the Board 18 January 2018)	–	–

1 Peter Bamford received fees of £9,592 as a non-executive director of a group subsidiary for January and February 2018 only which are not on-going fees, and from appointment to the Board and as Chairman of the Company on 1 March 2018 his on-going fee is £300,000 per annum.

Scheme interests awarded during the financial year – audited

The audited table shows all share awards held by Directors, together with awards made in 2017/18. Each award takes the form of nil cost options under the LTIP scheme, with each grant being equal to 100% of base salary.

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 31 March 2018	Face value of award	% of face value that would vest at threshold performance	Vesting on performance over date
Paul McDonald	01.08.14	£2.715	74,074	74,074	–	–	£201,110.91	100%	Third anniversary of the date of grant
	05.08.15	£3.570	81,232	–	–	81,232	£289,998.24	25%	Third anniversary of the date of grant subject to an additional two year holding period
	18.08.16	£2.726	109,042	–	–	109,042	£297,248.49	25%	Third anniversary of the date of grant subject to an additional two year holding period
	07.08.17	£3.733	81,220	–	–	81,220	£303,194.26	25%	Third anniversary of the date of grant subject to an additional two year holding period

Directors' remuneration report
continued

Performance targets for outstanding LTIP awards

The performance conditions for each of the LTIP awards made on 5 August 2015, 18 August 2016 and 7 August 2017 (and the award due to be made in 2018) 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 2015 award	2017/18	15p	19p
August 2016 award	2018/19	17.5p	22.5p
August 2017 award	2019/20	19p	24p
2018 awards (proposed for the CEO and CFO)	2020/21	23p	28p

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 2018 awards.

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 31 March 2018.

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.

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 granted on 1 August 2014 which vested and was exercised during the period under review. He has retained those shares (except for those allowing for tax on the whole award) toward the guideline requirement. The CFO also has an unvested LTIP award granted on 5 August 2015, and other unvested LTIP awards which subject to performance conditions being achieved during the course of 2018/19 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 2017/18.

Director	Shares held beneficially[1]	Unvested options with performance conditions[2]	Unvested options not subject to performance
Sir Terry Leahy (retired from the Board 1 March 2018)	–	–	–
Peter Bamford (appointed to the Board 1 March 2018)	–	–	–
Simon Arora	149,880,828	–	–
Paul McDonald	39,171	190,262	81,232
Thomas Hübner	11,111	–	–
Kathleen Guion	11,111	–	–
Ron McMillan	37,037	–	–
Harry Brouwer	18,518	–	–
David Novak (retired from the Board 18 January 2018)	–	–	–

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

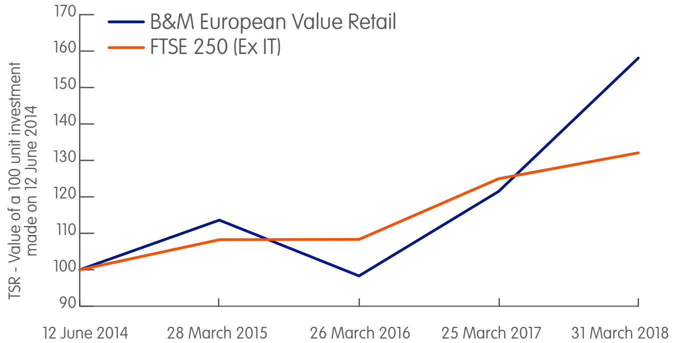
There have been no changes in the Directors' interests in shares in the Company between the end of the 2017/18 financial year and the date of this report.

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 31 March 2018 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 four 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	£1,376,080	68.58%	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 25 March 2017 and 31 March 2018 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%	-8.88%	8.13%
UK full time employees (average)[1]	1.65%	12.53%	8.99%

1 This includes salaried UK employees.

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 25 March 2017 and 31 March 2018.

£'000	2016/17	2017/18	% change
Total pay for employees	290,983	365,396	25.6%
Distributions to shareholders[1]	151,000	63,013	-58.6%

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

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 31 March 2018.

Chairman and Non-Executive Directors

As referred to in last years' Annual Report a review of the Non-Executive Directors fees (other than in relation to the Chairman) was carried out by the Board for 2017/18, having consulted FIT Remuneration Consultants LLP in relation to benchmarking of non-executive director fees. As a result of the review, the fees for the Non-Executive Directors were increased to the amounts set out in the table on page 61 above with effect from the beginning of the 2017/18 financial year.

The revised rates were 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 remains currently at £800,000 per annum, but it is proposed to be increased to £1,000,000 under revisions proposed to be made to the Articles of Association to be considered at an EGM which is to be held on 30 July 2018 immediately following the 2018 AGM on that date.

Sir Terry Leahy as Chairman until his retirement from the Board on 1 March 2018 and one of the other Non-Executive Directors of the Company, David Novak, who retired from the Board on 18 January 2018 did not receive any fees from the Company. Peter Bamford was appointed as the Chairman from 1 March 2018 with an annual fee of £300,000.

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 2017/18 and for the prior year are set out in the table on page 61 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.

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 for 2017/18 comprise 3 independent Non-Executive Directors, being, Kathleen Guion (Committee Chair), Ron McMillan and Harry Brouwer.

The responsibilities of the Committee are set out in the Corporate Governance section of the Annual Report on page 41.

The Committee is assisted by the General Counsel of the Group who is invited to attend Committee meetings. The Committee invites the Chairman and 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
Kathleen Guion	Committee Chair	4 out of 4
Harry Brouwer	Committee Member	4 out of 4
Ron McMillan	Committee Member	4 out of 4

The effectiveness of the Committee during the year was evaluated as part of a broader board effectiveness review conducted internally and led by the Chairman of the Board, details of which are set out on page 45. The overall conclusion of the review was that the Committee remains effective in discharging its functions and reporting to the Board.

Directors' remuneration report
continued

Shareholder voting
The resolutions to approve the directors' remuneration policy at the 2015 AGM and the remuneration report at the 2017 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 (2015)	843,228,764	99.71	2,487,049	0.29	845,715,813	84.57	194,847
To approve the remuneration report (2017)	752,544,703	96.98	23,465,569	3.02	776,010,272	77.60	826,564

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 2017/18 FIT's total fees were £52,250 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:

Kathleen Guion
Chair of the Remuneration Committee
29 May 2018

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 for the period ended 31 March 2018. 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 37, 40 to 47 and 52 to 64 respectively form part of this report.

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 Germany. The Company has a corporate office in Luxembourg.

Business review

This report together with the Strategic Report on pages 1 to 37, sets out the review of the Group's business during the financial year ended 31 March 2018, 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 31 March 2018 of GBP £185.8m is reported in the consolidated statement of comprehensive income on page 74.

The Board is recommending a final dividend of 4.8p per ordinary share, which together with the interim dividend of 2.4p per ordinary share paid in December 2017 is a total dividend for the year of 7.2p, 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 31 to 37.

Greenhouse gas emissions

Details of the Group's greenhouse gas emissions are contained in the Corporate Social Responsibility Report on pages 36 and 37 which forms part of this report.

Employees

The Group has continued its practice of keeping staff informed of matters affecting them as employees through local meetings, company newsletters and notice boards. The Group seeks to ensure that disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of those vacancies that they are able to fill, are not discriminated against on the grounds of their disability and are given full and fair consideration of applications, continuing training while employed and equal opportunity for career development and promotion.

Directors

The Directors of the Company as at 31 March 2018 and their interests in shares and share awards made to them under share incentive schemes in the Company are shown on page 61 and 62. There have been no changes in the Board of the Company between 31 March 2018 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 30 July 2018. 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 27 to the consolidated financial accounts.

Share capital

The Company's share capital and changes to it in the financial year, are set out on page 67 below and in note 23 to the consolidated financial statements on page 103 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 dis-apply 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 30 July 2018 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.

Directors' report and business review
continued

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 74,074 shares were used from the ESOT to satisfy vested awards made under a share scheme of the Company. As at 31 March 2018 and since that date up to the date of this report, the ESOT did not hold any shares in the Company.

Shareholders

As at 23 May 2018, the following shareholders have notified the Company of their interest in 5% or more of the Company's issued ordinary shares:

Shareholder	No of ordinary shares	% share capital
FMR LLC	65,155,991	6.51
SSA Investments S.à r.l.*	149,880,828	14.98

* 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 (the "Articles") 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.

It is proposed that amendments be made to the Articles, as referred to on page 68 below under the section headed 'Section (h) – Appointment of Board members, amendment of Articles of Association'. An Extraordinary General Meeting of shareholders is to be held along with the AGM on 30 July 2018 to consider those proposed amendments to the Articles.

Change of control

The Company has a senior facilities agreement (the "SFA") in relation to a £300 million term loan (which has been drawn in full) and a £150 million revolving credit facility. The SFA provides 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 on not less than 10 Business Days' notice to the Company.

The Company has £250 million 4.125% senior secured notes due 2022, of which all £250 million 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 and Extraordinary General Meeting

Notices convening the Company's fourth Annual General Meeting ("AGM") and an Extraordinary General Meeting ("EGM"), each to be held on 30 July 2018, 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.

Amendments are being proposed to the Articles of Association of the Company to shareholders at the EGM as referred to further on page 68 below under the section headed 'Section (h) – Appointment of Board members, amendment of Articles of Association', and details of which are set out in the notice of EGM.

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 26 to 30, the Corporate Governance report on pages 40 to 47 and the Directors' Remuneration Report on pages 52 to 64, 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 70, 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 30 July 2018 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 2017/18 the following transactions were entered into by the Group with Arora Family related parties (including their associates):

- 6 leases of new stores were entered into by the Group in the UK with Arora Family related parties as landlords of those new stores, representing 12.8% of the total number of 47 gross B&M new store openings of the Group in the UK in that period; and
- 4 agreements for lease were conditionally exchanged by the Group with Arora Family related parties as landlords, 1 of which is due to be completed as a new store opening in the financial year 2018/19, 1 in 2019/20 and the other 2 in 2020/21; and
- also during the year under review there were 2 renewals of leases of existing stores between the Group and Arora Family related party landlords which were made ahead of the expiry of the existing lease terms.

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 77 store leases, representing 13.4% of a total number of 576 UK B&M stores of the Group with all landlords, and 14.2% of the overall rent roll of all UK stores as at the year end.

The Group's joint venture sourcing company, Multi-lines International Company Ltd, has agreed terms during this financial year for the entry into a lease with Arora Family related party landlords of an additional floor in the high rise building which Multi-lines presently occupies in Kowloon Bay Hong Kong, for further office and operational use which is to commence from May 2018.

There were no store lease transactions in the financial year under review between Jawoll and Jawoll's former CEO (Ingo Stern who retired from the Group as Jawoll's CEO as from 31 October 2017) family related parties as landlords ("Stern Family"). The total number of leases of German stores and rents of the Group with Stern Family related parties as at the end of the period under review were 10 store leases, representing 11.6% of a total number of 86 German stores of the Group with all landlords, and 22.4% of the overall lease charge[1] as a proportion of the total rental expense (for comparative purposes) of all the German stores as at the year end. At each of these property lease locations, the landlord and tenant relationship between Jawoll and Stern Family related parties pre-dated the acquisition of Jawoll by the Group.

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 44 of the Corporate Governance Report.

Further details of related party transactions are also included also in note 28 of the Financial Statements on page 108.

The Board confirms that during the financial year 2017/18:

(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.

In accordance with Article 13.10 of the Articles of Association of the Company a report will be made at the 2018 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) entered into in the financial year 2017/18 referred to above and in note 28 of the Financial Statements on page 108, together with any other such transactions entered into after the financial year end on 31 March 2018 up to the date of the AGM, similarly to each of the three previous AGMs.

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 2018 amounts to GBP £100,056,122.20 represented by 1,000,561,222 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 £297,166,100. 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.

1 The overall lease charge proportion is based on the actual income statement rent charge and therefore excludes annualisation for the 11 new stores acquired during the year at different times (each of which are with non-related party landlords), and the P&L impact of the properties held under finance leases which would together significantly reduce the proportion relating to Stern Family leases.

Directors' report and business review
continued

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 66.

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 capital represented at that meeting) and when adopted by a resolution passed by at least two-thirds of the votes cast.

Amendments to the Articles of Association are being proposed by the Company to be considered at an Extraordinary General Meeting of shareholders which is to be held along with the AGM on 30 July 2018. These amendments, which the Board believes are in the best interests of both the Company and shareholders, are (i) to update the Articles of Association to reflect changes made to the Luxembourg Law on Commercial Companies under the Law of 10 August 2016, the principal purpose of which was to modernise Luxembourg company law; (ii) to renew the existing five (5) year authority of the Directors to issue shares in the Company within the limits of the authorised share capital which would otherwise be due to expire on 28 August 2019, which authority is required to be incorporated in the Articles of Association of the Company under Luxembourg company law (as opposed to an ordinary resolution being proposed at an annual general meeting which would not be a valid authorisation under the law).

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.

As referred to in section (h) above, along with the amendments proposed by the Company to be made to the Articles of Association at an Extraordinary General Meeting of shareholders ("EGM") to be held along with the AGM on 30 July 2018 to reflect changes made to modernise Luxembourg company law, the Company also proposes to renew the existing five (5) year authority of the Directors to issue shares in the Company within the limits of the authorised share capital in Article 5.2 of the Articles of Association.

The present five (5) year authority in Article 5.2 of the Articles of Association will otherwise expire on 28 August 2019. As the Company is holding an EGM on 30 July 2018 to propose other changes to the Articles of Association following the modernisation of Luxembourg company law (as referred to above), it is convenient and efficient to renew this authority at the same time. The authority of the Directors to issue shares in the Company is required to be incorporated in the Articles of Association of the Company under Luxembourg company law (as opposed to being granted by a resolution at an annual general meeting which would not be a valid authorisation under the law). Subject to shareholders approval of the renewal of the authority by way of amendment to Article 5.2 at the EGM, the authority will apply for a period of five (5) years commencing from 30 July 2018. The Board considers this amendment to be in the best interests of both the Company and shareholders. The Board presently has no intention to exercise this authority, save that it intends to use its authority to issue ordinary shares (on a non-pre-emptive basis within the limits in Article 5.2 as referred to further below) on the exercise of employee share options or similar awards.

In common with other Luxembourg public companies, the authority of the Board to issue ordinary shares on a non-pre-emptive basis is set out in the Articles of Association of the Company. The Articles of Association authorise the Directors to dis-apply 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 Board was authorised by the AGM of shareholders held on 28 July 2017, 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 30 July 2018. 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 £300 million term loan (which has been drawn in full) and a £150 million revolving credit facility. The SFA provides 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 on not less than 10 Business Days' notice to the Company; (b) the Company has £250 million 4.125% senior secured notes due 2022, of which all £250 million 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 page 57.

Approved by order of the Board

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer
29 May 2018

Corporate Governance

Statement of Directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present the financial statements and policies in a manner that provides relevant, reliable, comparable and understandable information;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- provide additional disclosures when compliance with the specific requirements in IFRSs or in accordance with Lux GAAP are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with company law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Approved by order of the Board.

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer
29 May 2018

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 31 March 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 53-week period then ended, and the 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 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the 53-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 (the "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 those Regulation, Law and standards 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 (the "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.

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.

Valuation of Inventory

Why the matter was considered to be one of the most significant in our audit of the annual accounts 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 note 16, "Inventories", the balance is £558.7 million at year end. Per the Inventory accounting policy in note 1, inventories are valued at the lower of cost or net realisable value. Changing customer preferences, spending patterns and the seasonality of sales all impact the rate of inventory turnover. 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. These relate primarily to shrinkage and net realisable value provisions. The significance of the inventory balance in relation to the Statement of Financial Position, coupled with the significant judgments, required by management, has caused us to identify inventory valuation as a key audit matter.	Our procedures over the valuation 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. • Evaluating the appropriateness of management's judgements and assumptions applied in calculating the value of inventory by: - Understanding the inventory provisioning policy with specific consideration to net realisable value and slow moving stock; - Testing the accuracy of net realisable value and shrinkage provision by performing a recalculation and testing a sample of the underlying inputs of the provision calculation to supporting documentation; - Analysing the year-end stock value against total sales during the year 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 need for a slow moving stock provision; - Assessing the value of a sample of inventory lines to confirm whether it is held 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.
Acquisition accounting: Heron Foods	
In 2017 the Group acquired 100% of the Share Capital of Heron Foods Group Limited for a total consideration of £122.5 million. The details of the transaction are disclosed in note 7 Business combination. The acquisition method of accounting for business combinations is a complex and judgemental exercise, requiring the Group to determine the fair value of assets acquired and liabilities assumed and consideration transferred. Part of the purchase price includes a deferred consideration payable in 2019 based upon certain conditions. Management has had to exercise judgement in determining whether these conditions will be met. Due to the size of the transaction and the significant judgement and complexities involved in determining the fair value of assets acquired and liabilities assumed, we considered the acquisition accounting as a key audit matter.	Our procedures over the acquisition of Heron Foods Group Limited included, but were not limited to: • Analysing the share purchase agreement to confirm the total consideration payable, including deferred consideration; • Agreeing the payments made to bank statements; • Recalculating the deferred consideration recognised on acquisition and assessment of certain key assumptions; • Involving our own valuation specialists in challenging the judgements made by the management over the key assumptions applied in the valuation of intangible assets acquired in the Heron Foods acquisition; • Tracing a sample of rental amounts payable to lease agreements for the favourable and unfavourable leases identified.

Independent Auditor's Report to the Shareholders of B&M European Value Retail S.A. 9, allée Scheffer L-2520 Luxembourg continued

Why the matter was considered to be one of the most significant in our audit of the annual accounts of the current period	How the matter was addressed in our audit
Fraud risk over Revenue recognition	
The Group's Revenue amounts to £3,03 billion as per the Consolidated Statement of Comprehensive Income 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 straight forward on a transactional level, the high volume of transactions makes it more susceptible to fraud and error. Revenue is a key performance indicator of 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 Statement of Comprehensive Income, has lead us to identify it as a key audit matter.	Our procedures 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. • 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 year and investigating any unusual variances; • Analysing sales by store for the days pre- and post-year-end to assess whether sales were recorded in the correct period; • Analysing post year-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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the 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 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 assessing 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 scepticism 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 General Meeting of the Shareholders on 28 July 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

The management report on pages 65 to 69 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 40 to 47. 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, on the audit profession were not provided and that we remain independent of the Group in conducting the audit.

Other matter

The Corporate Governance Statement includes information required by Article 68ter paragraph (1) points a), b), e), f) and g) 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.

Luxembourg, 29 May 2018
KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
Thierry Ravasio

Consolidated statement of comprehensive income

Period ended	Note	53 weeks ended 31 March 2018 £'000	52 weeks ended 25 March 2017 £'000
Revenue	2, 4	**3,029,802**	2,430,660
Cost of sales		**(2,000,927)**	(1,586,324)
Gross profit		**1,028,875**	844,336
Administrative expenses		**(789,072)**	(639,833)
Operating profit	5	**239,803**	204,503
Share of profits in associates	13	**1,711**	1,005
Profit on ordinary activities before net finance costs and tax	3	**241,514**	205,508
Finance costs	6	**(23,948)**	(24,110)
Finance income	6	**182**	241
Gain on revaluation of financial instrument	6, 20	**11,568**	1,279
Profit on ordinary activities before tax		**229,316**	182,918
Income tax expense	11	**(43,511)**	(38,885)
Profit for the period	2	**185,805**	144,033
Attributable to non-controlling interests		**(78)**	1,107
Attributable to owners of the parent		**185,883**	142,926
Other comprehensive income for the period			
Items which may be reclassified to profit and loss:			
Exchange differences on retranslation of subsidiary and associate investments		**205**	7,479
Fair value movement as recorded in the hedging reserve		**(15,659)**	(1,667)
Items which will not be reclassified to profit and loss:			
Actuarial gain on the defined benefit pension scheme		**21**	16
Tax effect of other comprehensive income	11	**2,470**	324
Total comprehensive income for the period		**172,842**	150,185
Attributable to non-controlling interests	29	**119**	2,082
Attributable to owners of the parent		**172,723**	148,103
Earnings per share			
Basic earnings per share attributable to ordinary equity holders (pence)	12	**18.6**	14.3
Diluted earnings per share attributable to ordinary equity holders (pence)	12	**18.6**	14.3

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

Consolidated statement of financial position

As at	Note	31 March 2018 £'000	25 March 2017 £'000
Assets			
Non-current			
Goodwill	14	**929,718**	841,691
Intangible assets	14	**120,962**	103,693
Property, plant and equipment	15	**308,653**	165,748
Investments in associates	13	**5,140**	5,669
Other receivables	17	**3,187**	2,413
Deferred tax asset	11	**5,654**	824
		1,373,314	1,120,038
Current assets			
Cash and cash equivalents	18	**90,816**	155,551
Inventories	16	**558,690**	462,119
Trade and other receivables	17	**34,042**	35,398
Other financial assets	20	**–**	410
		683,548	653,478
Total assets		**2,056,862**	1,773,516
Equity			
Share capital	23	**(100,056)**	(100,000)
Share premium		**(2,474,249)**	(2,472,482)
Merger reserve		**1,979,131**	1,979,131
Retained earnings		**(327,073)**	(204,077)
Luxembourg legal reserve		**(10,000)**	(10,000)
Put/call option reserve		**13,855**	13,855
Hedging reserve		**14,532**	1,350
Foreign exchange reserve		**(7,833)**	(7,825)
Non-controlling interest		**(13,692)**	(13,573)
		(925,385)	(813,621)
Non-current liabilities			
Interest bearing loans and borrowings	21	**(558,426)**	(543,725)
Finance lease liabilities	25	**(7,306)**	(6,469)
Other financial liabilities	20	**(19,209)**	(17,886)
Other liabilities	19	**(87,130)**	(76,961)
Deferred tax liabilities	11	**(24,495)**	(18,845)
Provisions	22	**(379)**	(922)
		(696,945)	(664,808)
Current liabilities			
Interest bearing loans and borrowings	21	**(47,212)**	–
Overdrafts	18	**(6,112)**	–
Trade and other payables	19	**(336,072)**	(267,815)
Finance lease liabilities	25	**(1,870)**	(994)
Other financial liabilities	20	**(16,666)**	(2,070)
Income tax payable		**(19,677)**	(19,339)
Provisions	22	**(6,923)**	(4,869)
		(434,532)	(295,087)
Total liabilities		**(1,131,477)**	(959,895)
Total equity and liabilities		**(2,056,862)**	(1,773,516)

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 29 May 2018 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 exchange reserve £'000	Put/call option reserve £'000	Non-controlling interest £'000	Total share-holders' equity £'000
Balance at 26 March 2016	100,000	2,577,668	115,898	–	614	(1,979,131)	1,273	(13,855)	11,883	**814,350**
Allocation to legal reserve	–	(6,776)	(2,610)	–	9,386	–	–	–	–	**–**
Dividend payments to owners	–	(98,410)	(52,590)	–	–	–	–	–	–	**(151,000)**
Release of non-controlling interest	–	–	224	–	–	–	–	–	(392)	**(168)**
Effect of share options	–	–	254	–	–	–	–	–	–	**254**
Total transactions with owners	–	(98,410)	(52,112)	–	–	–	–	–	(392)	**(150,914)**
Profit for the period	–	–	142,926	–	–	–	–	–	1,107	**144,033**
Other comprehensive income	–	–	(25)	(1,350)	–	–	6,552	–	975	**6,152**
Total comprehensive income for the period	–	–	142,901	(1,350)	–	–	6,552	–	2,082	**150,185**
Balance at 25 March 2017	100,000	2,472,482	204,077	(1,350)	10,000	(1,979,131)	7,825	(13,855)	13,573	**813,621**
Dividend payments to owners	**–**	**–**	**(63,013)**	**–**	**–**	**–**	**–**	**–**	**–**	**(63,013)**
Effect of share options	**56**	**1,767**	**112**	**–**	**–**	**–**	**–**	**–**	**–**	**1,935**
Total transactions with owners	**56**	**1,767**	**(62,901)**	**–**	**–**	**–**	**–**	**–**	**–**	**(61,078)**
Profit for the period	**–**	**–**	**185,883**	**–**	**–**	**–**	**–**	**–**	**(78)**	**185,805**
Other comprehensive income	**–**	**–**	**14**	**(13,182)**	**–**	**–**	**8**	**–**	**197**	**(12,963)**
Total comprehensive income for the period	**–**	**–**	**185,897**	**(13,182)**	**–**	**–**	**8**	**–**	**119**	**172,842**
Balance at 31 March 2018	**100,056**	**2,474,249**	**327,073**	**(14,532)**	**10,000**	**(1,979,131)**	**7,833**	**(13,855)**	**13,692**	**925,385**

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

Consolidated statement of cash flows

Period ended	Note	53 weeks ended 31 March 2018 £'000	52 weeks ended 25 March 2017 £'000
Cash flows from operating activities			
Cash generated from operations	24	**241,993**	210,873
Income tax paid		**(43,996)**	(31,759)
Net cash flows from operating activities		**197,997**	179,114
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(111,268)**	(49,160)
Purchase of intangible assets	14	**(3,362)**	(2,796)
Business acquisitions net of cash acquired	7	**(106,436)**	(2,374)
Sale of shares in Home Focus Group	13	**310**	–
Proceeds from sale of property, plant and equipment		**554**	1,542
Finance income received		**182**	137
Dividends received from associates	13	**1,149**	–
Net cash flows from investing activities		**(218,871)**	(52,651)
Cash flows from financing activities			
Repayment of bank loans	21	**–**	(140,000)
Receipt of High Yield Bonds	21	**–**	250,000
Net receipt of Group revolving bank loans		**45,000**	–
Net repayment of Heron revolving bank loans		**(9,790)**	–
Finance costs paid		**(20,192)**	(14,983)
Receipt from exercise of employee share options		**1,320**	–
Capitalised fees on refinancing		**(1,647)**	(5,208)
Acquisition of non-controlling interest in BestFlora	29	**–**	(175)
Dividends paid to owners of the parent	32	**(63,013)**	(151,000)
Repayment of finance lease		**(1,651)**	(694)
Net cash flows from financing activities		**(49,973)**	(62,060)
Net increase in cash and cash equivalents		**(70,847)**	64,403
Cash and cash equivalents at the beginning of the period		**155,551**	91,148
Cash and cash equivalents at the end of the period		**84,704**	155,551
Cash and cash equivalents comprise:			
Cash at bank and in hand	18	**90,816**	155,551
Overdrafts		**(6,112)**	–
		84,704	155,551

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

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 issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

The Group's trade is general retail, with trading taking place in the UK and 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 53 week period from 26 March 2017 to 31 March 2018. This is a different period to the parent company stand alone accounts (from 1 April 2017 to 31 March 2018), this exception is permitted under article 330 (2) of the Luxembourg company law of 10 August 1915 as amended as the management 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.

We note that 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.

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 26 March 2017 to 31 March 2018. 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 2 August 2017, the Group acquired Heron Food Group Limited ("Heron"), a convenience retailer incorporated in the UK. Heron has been consolidated in the Group accounts from this date. For more details see note 7.

During the year the Group has incorporated two new entities, Retail Industry Apprenticeships Limited (incorporated in the UK) and Bedford DC Investments Limited (incorporated in Jersey). Both have been consolidated from their incorporation date. See note 26 for a full list of the constituent Group entities.

A Group company, Meltore Limited, was disposed of during the prior year. Meltore Limited was a dormant entity in the prior year and the disposal has had no significant effect on the consolidated financial statements.

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

After consideration of forecasts and budgets covering the next 12 month period, the directors have determined that it is appropriate to continue to use the going concern basis for production of these consolidated financial statements.

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

Revenue
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

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. Store retail turnover is recognised at the initial point of sale of goods to customers, when the risks and rewards of the ownership of the goods have been transferred to the buyer.

Other administrative expenses
Administrative expenses contain 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 may be separated as a separate line item, this would include items such as material restructuring costs.

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 goodwill 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.

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. 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.

Brands
Brands acquired as part of a business combination are initially recognised at fair value and subsequently 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, and charged to administration expenses.

Unless specifically time limited, 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 a brand is time limited, it is amortised over the period specified in the corresponding agreement.

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	–	4 years

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 income statement.

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.

Notes to the consolidated financial statements continued

1 General information and basis of preparation continued

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% – 25% straight line
Motor vehicles	–	12.5% – 33% straight line

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

There has been a minor change to the policy since the prior year regarding the rates for motor vehicles. This is due to the newly acquired company, Heron, who operate with a different fleet profile to the existing members of the Group. This therefore has no effect on the motor vehicles included in property, plant and equipment at the prior year end.

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 income statement 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.

Indications of impairment might include (for goodwill and the brand assets, for instance) a significant impairment to 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.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's 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.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the income statement 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 income statement, except for impairment of goodwill which is not reversed.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in an arrangement.

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset, or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged in the income statement over the period of the lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of comprehensive income on a straight line basis over the lease term.

Lease premiums and incentives
Lease premiums and lease incentives (as reverse lease premiums) are required to be spread over the term of the lease (as an element of the rent charge), with the resulting balance on the statement of financial position recorded in receivables or payables as appropriate.

Favourable and unfavourable leases
Upon acquisition of a subsidiary a fair value review is performed to determine if certain leases held are favourable or unfavourable to the business when compared to an estimate of the underlying market rate. To the extent that a lease is determined to be favourable or unfavourable a balance is recognised in receivables or payables and then released over the remaining lease term as part of the rent charge for that lease.

Onerous leases
The Group carries a property provision which is recognised on specific sites within the Group's leasehold property portfolio where an exit can be reasonably expected to occur, and a lease is considered onerous.

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

The amount held covers any costs expected to accrue before the end of the contract, netted against any income, as well as a portion related to any dilapidation expense which may arise.

Inventories
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell. We do not include transport and distribution costs in our valuation of inventory.

Share options
The Group operates 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 income statement 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 10 for more details.

Taxation
Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income. Tax is recognised in the income statement, 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, respectively.

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.

Notes to the consolidated financial statements continued

1 General information and basis of preparation continued

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 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 the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement. Effectiveness of the derivatives subject to hedge accounting is assessed at inception of the derivative, when the derivative matures and at each reporting period end date between.

Where a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset, such as an item of inventory, we remove the associated gains and losses recognised in other comprehensive income and include them 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 recognised in the income statement immediately.

Financial assets

Initial recognition and measurement

The classification of financial instruments is determined at initial recognition. The Group has the following types of financial assets: Trade and other receivables and cash which are classified within the IAS 39 definition of loans and receivables and derivative contracts which are classified within the IAS 39 definition of fair value through profit and loss. All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value plus transaction costs other than for financial assets carried at fair value through profit or loss.

The Group does not have any held-to-maturity or available-for-sale financial assets.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. 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 and the losses arising from impairment are recognised in profit and loss.

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 IAS 39. 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 IAS 39 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 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 finance costs.

Derecognition

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

Fair value of financial instruments

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

Cash and cash equivalents

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

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess of the consideration made for the shares, over and above the nominal valuation of those shares;
- "Legal reserve" representing the statutory reserve required by Luxembourg law as an apportionment of profit within each Luxembourg company (up to 10% of the standalone share capital);
- "Hedging reserve" representing the fair value of the derivatives held by the Group at the period end that are accounted for under hedge accounting and that represent effective hedges;
- "Merger reserve" representing the reserve created during the reorganisation of the Group in 2014;
- "Retained earnings reserve" represents retained profits;
- "Put/call option reserve" representing the initial valuation of the put/call option held by the Group over the non-controlling interest of J.A. Woll Handels GmbH (Jawoll);
- "Foreign exchange reserve" represents the cumulative differences arising in retranslation of the subsidiaries results;
- "Non-controlling interest" representing the portion of the equity which belongs to the non-controlling interest in the Group's subsidiaries.

Foreign currency translation

These consolidated financial statements are presented in pounds sterling.

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

- B&M European Value Retail S.A.
- B&M European Value Retail 1 S.à r.l. (Lux Holdco)
- B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)
- B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)
- B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)
- B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)
- Bedford DC Investments Limited
- 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)
- B&M European Value Retail Germany GmbH (Germany Holdco)
- J.A. Woll Handels GmbH (Jawoll)
- Jawoll Vertriebs GmbH

1 General information and basis of preparation continued

The Group companies whose functional currency is the Euro have been consolidated into the Group via retranslation of their accounts 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.

Investments in Associates

Multi-lines International Company Ltd (Multi-lines), which is 50% owned by the Group, has been considered by management as a judgement 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.

Put/call options on Jawoll non-controlling interest

The purchase agreement for Jawoll included call and put options over the shares not purchased by the Group, representing 20% of Jawoll. The options are arranged such that it is considered likely that either the call or put option will be taken at the exercise date in 2019.

The exercise price of the options contains an uncertain variable element and as such the risk and rewards of the options are considered to remain with the non-controlling interest. The purchase of the non-controlling interest will be recognised upon exercise of one of the options (see note 20).

A financial liability has been recognised carried at fair value to represent the expected exercise price, with the corresponding debit entry to the put/call option reserve. Management have estimated the future measurement inputs in arriving at this value, using knowledge of current performance, expected growth and planned strategy. Any subsequent movements in the liability will be recognised in profit or loss.

Standards and Interpretations applied and not yet applied by the Group

New standards and interpretations

At the date of authorisation of these Consolidated Financial Statements, the following standards and interpretations, relevant to the Group, which have not been applied to these financial statements, were in issue, but not yet effective:

Title	Key Issues	Effective Date	Impact on B&M European Value Retail S.A.
IFRS 15 Revenue from Contracts with Customers	The new standard is a single global revenue standard that contains a single model that applies to two approaches, being at point in time and over time. For complex transactions with multiple components, variable consideration or extended periods, application of the standard can lead to revenue being accelerated or deferred in comparison to current IFRS.	Periods beginning after 1 January 2018, deferred from 1 January 2017.	Management do not consider that this standard will have a material impact on the accounts.
IFRS 9 Financial Instruments	IFRS 9 was introduced in 2014 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.	Periods beginning after 1 January 2018.	Management do not consider that this standard will have a material impact on the accounts.
IFRS 16 Leases	IFRS 16 was issued in January 2016 and is effective from 1 January 2019, eliminating the classification of leases as operating leases or finance leases and setting out a single lease accounting model.	Periods beginning after 1 January 2019.	Significant impact on Statement of Financial Position and Income Statement presentation and measurement which is currently under review, more detail follows below.

At the date of the authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but are either not yet effective or have not been adopted by the EU:

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions.
- Amendments to IAS 7 Disclosure Initiative.
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses.
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Annual Improvements 2014–2016 Cycle.

Other than as mentioned in the above, the Group does not currently expect that adoption of the other standards and amendments listed will have a significant effect on the consolidated results or financial position of the Group.

IFRS 16 Leases

IFRS 16 Leases will be applicable for periods starting after 1 January 2019 and will apply to the Group's accounts commencing 31 March 2019. This standard will significantly affect the presentation of the Group financial statements as we have over 900 active property leases (primarily related to the Group's store estate) as well as a smaller commitment for other operating leases.

The Group has considered the implications of IFRS 16 on the Group's consolidated results and has developed a model to account for changes required to be made by the new standard.

Whilst the detailed data has not been audited, the overall model has been reviewed by the Group auditors including the assumptions and the calculations within the model.

At this stage, and subject to several factors, including the ongoing tax consultation with HMRC, the accounting definition of the retrospective application of cash flows and auditor approval, we expect to use the modified retrospective approach. This will lead to a significant brought forward retained earnings adjustment representing the recognition of a liability that exceeds the recognised asset.

Specifically;

Our Statement of Financial Position will include a liability equal to the present value of all future lease commitments and a corresponding right-of-use asset. Due to discounting it is expected that the liability will be significantly in excess of the asset. Our current gross operating lease commitment is £1,257.8m, £1,239.1m of which is in relation to property leases (see note 25). Our net deferred property liability (currently £98.8m) would also be derecognised.

Our Statement of Comprehensive Income will have a significantly reduced rental charge, but increased amortisation and interest charge related to the unwinding of the lease liability. Overall the amortisation and interest increase is expected to exceed the reduction in rent in the first years of application. Our current rental charge is £150.5m, £140.9m of which relates to property leases (see note 25).

There will also be subsequent knock-on effects to the presentation of the Statement of Cash Flows.

Notes to the consolidated financial statements continued

2 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.

For management purposes, the Group is organised into three reportable segments, being the UK B&M segment, the UK Heron segment and the German retail segment. The UK Heron segment has been active since the acquisition of Heron Food Group in August 2017, the UK B&M segment was previously reported as the UK Retail segment.

Items that fall into the corporate category 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 3).

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.

The average euro rate for translation purposes was €1.1336/£ during the year, with the year end rate being €1.1410/£ (2017: €1.1915/£ and €1.1559/£, respectively).

53 week period to 31 March 2018	**UK B&M £'000**	**UK Heron £'000**	**Germany retail £'000**	**Corporate £'000**	**Total £'000**
Revenue	**2,619,488**	**210,008**	**200,306**	**–**	**3,029,802**
EBITDA (note 3)	**266,269**	**11,746**	**5,621**	**(5,240)**	**278,396**
Depreciation and amortisation	**(26,485)**	**(6,001)**	**(4,392)**	**(4)**	**(36,882)**
Net finance income/(costs)	**109**	**(481)**	**(370)**	**(11,456)**	**(12,198)**
Income tax expense	**(45,580)**	**(1,000)**	**(258)**	**3,327**	**(43,511)**
Segment profit/(loss)	**194,313**	**4,264**	**601**	**(13,373)**	**185,805**
Total assets	**1,718,328**	**204,162**	**127,078**	**7,294**	**2,056,862**
Total liabilities	**(361,834)**	**(56,909)**	**(27,287)**	**(685,447)**	**(1,131,477)**
Capital expenditure (including intangible)	**(45,986)**	**(8,610)**	**(4,987)**	**(55,047)**	**(114,630)**

52 week period to 25 March 2017	UK B&M £'000	UK Heron £'000	Germany retail £'000	Corporate £'000	Total £'000
Revenue	2,252,265	–	178,395	–	2,430,660
EBITDA (note 3)	223,722	–	11,677	(3,876)	231,523
Depreciation and amortisation	(22,277)	–	(3,734)	(4)	(26,015)
Net finance income/(costs)	107	–	(280)	(22,417)	(22,590)
Income tax expense	(40,310)	–	(2,406)	3,831	(38,885)
Segment profit/(loss)	161,241	–	5,257	(22,465)	144,033
Total assets	1,640,398	–	126,040	7,078	1,773,516
Total liabilities	(325,372)	–	(27,399)	(607,124)	(959,895)
Capital expenditure (including intangible)	(44,492)	–	(7,464)	–	(51,956)

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

EBITDA, adjusted EBITDA and Adjusted Profit are non-IFRS measures and therefore we provide a reconciliation from the statement of comprehensive income below.

Period to	**53 weeks ended 31 March 2018 £'000**	52 weeks ended 25 March 2017 £'000
Profit on ordinary activities before interest and tax	**241,514**	205,508
Add back depreciation and amortisation	**36,882**	26,015
EBITDA	**278,396**	231,523
Reverse the effect of derivatives recorded within cost of sales	**(509)**	1,479
Reverse the effect of derivatives recorded within administrative expenses	**4,334**	1,890
Remove costs associated with the acquisition of Heron	**1,049**	–
Adjusted EBITDA	**283,270**	234,892
Depreciation and amortisation	**(36,882)**	(26,015)
Net adjusted finance costs (see note 6)	**(21,596)**	(18,726)
Adjusted profit before tax	**224,792**	190,151
Adjusted tax	**(44,437)**	(40,273)
Adjusted profit for the period	**180,355**	149,878
Attributable to non-controlling interests	**(78)**	1,095
Attributable to owners of the parent	**180,433**	148,783

The adjusting items are the effects of derivatives, one off refinancing fees and the effects of revaluing or unwinding balances related to the acquisition of subsidiaries, such as the call/put option held over the non-controlling interest of our German operation. Significant project costs may also be included if incurred, as they have been this year in relation to the acquisition of Heron (see note 7). Adjusted tax represents the tax charge per the statement of comprehensive income as adjusted only for the effects of the other adjusting items detailed above.

The segmental split in EBITDA and Adjusted EBITDA reconciles as follows;

53 week period to 31 March 2018	**UK B&M £'000**	**UK Heron £'000**	**Germany retail £'000**	**Corporate £'000**	**Total £'000**
Profit before interest and tax	239,784	5,745	1,229	**(5,244)**	**241,514**
Add back depreciation and amortisation	26,485	6,001	4,392	**4**	**36,882**
EBITDA	266,269	11,746	5,621	**(5,240)**	**278,396**
Reverse the effects of derivatives	–	–	–	**3,825**	**3,825**
Reverse fees expensed on acquisition	–	–	–	**1,049**	**1,049**
Adjusted EBITDA	266,269	11,746	5,621	**(366)**	**283,270**

52 week period to 25 March 2017	UK B&M £'000	UK Heron £'000	Germany retail £'000	Corporate £'000	Total £'000
Profit before interest and tax	201,445	–	7,943	(3,880)	205,508
Add back depreciation and amortisation	22,277	–	3,734	4	26,015
EBITDA	223,722	–	11,677	(3,876)	231,523
Reverse the effects of derivatives	–	–	–	3,369	3,369
Adjusted EBITDA	223,722	–	11,677	(507)	234,892

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.

4 Reconciliation of the 52-week results from the 53-week adjusted results

In the commentary accompanying these accounts management consider that presenting an adjusted 52-week result is helpful to the users of this annual report in order to directly compare like for like periods.

Therefore we present a reconciliation to an adjusted 52-week statement of comprehensive income derived from the adjusted 53-week statement of comprehensive income by removing the final week of the financial year.

The sales and gross margin were directly taken from the specific week 53 figures and other costs were apportioned accordingly by considering the final accounting month of the year.

Notes to the consolidated financial statements continued

4 Reconciliation of the 52-week results from the 53-week adjusted results continued

The adjusting items are those detailed in note 3.

	53 weeks to 31 March 2018 £'000	Week 53 £'000	52 weeks to 24 March 2018 £'000	52 weeks to 25 March 2017 £'000
Adjusted				
Revenue	**3,029,802**	53,528	**2,976,274**	2,430,660
Cost of sales	**(2,001,437)**	(35,366)	**(1,966,071)**	(1,584,845)
Gross Profit	**1,028,365**	18,162	**1,010,203**	845,815
Administrative expenses	**(781,977)**	(14,668)	**(767,309)**	(636,938)
Profit before net finance costs and tax	**246,388**	3,494	**242,894**	208,877
Add back depreciation and amortisation	**36,882**	727	**36,155**	26,015
EBITDA	**283,270**	4,221	**279,049**	234,892
Depreciation and amortisation	**(36,882)**	(727)	**(36,155)**	(26,015)
Net finance costs	**(21,596)**	(246)	**(21,350)**	(18,726)
Profit before tax	**224,792**	3,248	**221,544**	190,151
Tax	**(44,437)**	(633)	**(43,804)**	(40,273)
Profit after tax	**180,355**	2,615	**177,740**	149,878
Attributable to non-controlling interests	**(78)**	–	**(78)**	1,095
Attributable to owners of the parent	**180,433**	2,615	**177,818**	148,783

The 53rd week only materially affects the UK B&M segment. The Germany retail segment reports annual figures and the UK Heron segment reports on a 52 week basis and the results only include the post acquisition period from August 2017. Therefore we also present a reconciliation of the 52 week profit and loss UK B&M segment figures as follows:

	53 weeks to 31 March 2018 £'000	Week 53 £'000	52 weeks to 24 March 2018 £'000	52 weeks to 25 March 2017 £'000
UK B&M segment				
Revenue	**2,619,488**	53,528	**2,565,960**	2,252,265
EBITDA	**266,269**	4,221	**262,048**	223,722
Depreciation and amortisation	**(26,485)**	(727)	**(25,758)**	(22,277)
Net finance income/(costs)	**109**	2	**107**	107
Income tax expense	**(45,580)**	(664)	**(44,916)**	(40,310)
Segment profit	**194,313**	2,832	**191,481**	161,242

5 Operating profit

The following items have been charged in arriving at operating profit:

Period ended	53 weeks ended 31 March 2018 £'000	52 weeks ended 25 March 2017 £'000
Auditor's remuneration	**354**	330
Payments to auditors in respect of non-audit services:		
Taxation advisory services	**–**	–
Other assurance services	**78**	88
Other professional services	**21**	–
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	**2,030,958**	1,595,471
Depreciation of property, plant and equipment:		
Owned assets	**34,234**	24,305
Leased assets	**997**	916
Amortisation (included within administration costs)	**1,652**	794
Operating lease rentals	**149,469**	126,798
New store pre-opening costs	**4,956**	6,285
Loss/(profit) on sale of property, plant and equipment	**277**	(405)
Loss/(gain) on foreign exchange	**2,201**	(214)

6 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 each reporting period presented:

Period ended	**53 weeks to 31 March 2018 £'000**	52 weeks to 25 March 2017 £'000
Interest on debt and borrowings	**(19,960)**	(17,446)
Ongoing amortisation of finance fees	**(1,491)**	(1,381)
Finance charges payable under finance leases and hire purchase contracts	**(327)**	(23)
Total adjusted finance expense	**(21,778)**	(18,850)
One-off costs incurred on raising debt finance	**–**	(3,687)
Unwinding of deferred acquisition costs for subsidiaries	**(2,170)**	(1,573)
Total finance costs	**(23,948)**	(24,110)

Period ended	**53 weeks to 31 March 2018 £'000**	52 weeks to 25 March 2017 £'000
Interest income on loans and bank accounts	**182**	124
Total adjusted finance income	**182**	124
Gain on financial instruments at fair value through profit or loss	**–**	117
Gain on revaluing call/put option held over the minority interest of Jawoll	**11,568**	1,279
Total finance income	**11,750**	1,520

Total net adjusted finance costs are therefore;

Period ended	**53 weeks to 31 March 2018 £'000**	52 weeks to 25 March 2017 £'000
Total adjusted finance expense	**(21,778)**	(18,850)
Total adjusted finance income	**182**	124
Total net adjusted finance costs	**(21,596)**	(18,726)

7 Business combination

On 2 August 2017 the Group acquired Heron Food Group Limited ("Heron"), a discount convenience retailer incorporated in the UK.

The transaction has been accounted for via the acquisition method of accounting. The Group purchased 100% of the share capital, for a fair value of £122.5m, which breaks down as follows:

	£'000
Initial cash consideration	**112,123**
Fair value of deferred consideration	**10,422**
Total	**122,545**

The deferred consideration represents a cash amount of £12.8m payable in 2019 based upon certain conditions that management do not consider the final amount to be reasonably sensitive to (see note 20). An exercise carried out by the business has fair valued this at the acquisition date at £10.4m and this will be unwound through the P&L to the full value of £12.8m by August 2019.

7 Business combination continued

The fair values of the identifiable assets and liabilities of Heron on the date of the acquisition were:

	£'000
Assets	
Heron brand asset	14,178
Favourable lease contracts	1,385
Other intangible assets	1,305
Property, plant and equipment	67,299
Inventories	13,835
Receivables and other assets	8,081
Cash	8,315
Total assets	**114,398**
Liabilities	
Unfavourable lease contracts	(9,984)
Creditors and accruals	(32,395)
Provisions	(1,538)
Corporation and deferred tax	(4,107)
Finance leases	(3,199)
Overdraft	(2,628)
Bank loans	(25,582)
Total liabilities	**(79,433)**
Net assets acquired	**34,965**
Fair value of consideration	**122,545**
Goodwill recognised on acquisition	**87,580**

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

Fees of £1.0m 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 3.

The goodwill 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 P&L can be seen in the segment note (note 2). Had the company been bought at the start of the year it would have contributed an estimated extra £108.6m to revenue and £3.4m to operating profit under their local accounting policies (FRS 102 compliant).

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

	£'000
Initial cash consideration	**112,123**
Cash acquired	**(8,315)**
Overdraft acquired	**2,628**
Net cash for acquisitions	**106,436**

On 1 August 2016 the business acquired the trade and assets of a small chain of German stores (Knüller).

The details of the assets acquired are as follows:

	€'000
Property, plant & equipment	50
Cash (floats)	50
Inventory	1,204
Total assets acquired	**1,304**
Purchase price paid	**2,879**
Goodwill recognised	**1,575**

The purchase price paid net of the cash acquired was €2,829k and this translates to £2,374k as shown on the consolidated statement of cash flows.

The business was incorporated directly into the German entities, with the stores reopening as rebranded Jawoll stores.

The Group considers that the transaction is immaterial for further disclosure.

8 Employee remuneration

Expense recognised for employee benefits is analysed below:

Period ended	53 weeks to 31 March 2018 £'000	52 weeks to 25 March 2017 £'000
Wages and salaries	**347,027**	277,054
Social security costs	**16,945**	12,907
Pensions – defined contribution plans	**1,424**	1,022
	365,396	290,983

There are £221k of defined contribution pension liabilities owed by the Group at the period end (2017: £73k).

The Group has one employee who is a member of a defined benefit scheme (2017: one employee). The liability held on the balance sheet at the year end was £250k (2017: £267k).

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

The average monthly number of persons employed by the Group during the period was:

Period ended	53 weeks to 31 March 2018	52 weeks to 25 March 2017
Sales staff	**30,758**	25,418
Administration	**1,284**	639
	32,042	26,057

9 Key management remuneration

Key management personnel and Directors' remuneration includes the following:

Period ended	53 weeks to 31 March 2018 £'000	52 weeks to 25 March 2017 £'000
Directors' remuneration:		
Short term employee benefits	**3,067**	2,177
Benefits accrued under the share option scheme	**226**	124
	3,293	2,301
Key management expense (includes Directors' remuneration):		
Short term employee benefits	**7,103**	4,648
Benefits accrued under the share option scheme	**280**	124
Pension	**4**	–
	7,387	4,772
Amounts in respect of the highest paid director emoluments:		
Short term employee benefits	**2,049**	1,393
Benefits accrued under the share option scheme	**–**	–
	2,049	1,393

The emoluments disclosed above are of the directors and key management personnel who have served as a director within any of the Group companies.

10 Share options

As of 31 March 2018, the Group operates two share option schemes, both of 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.

10 Share options continued

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 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 2018 there have been four tranches of the CSOP, details are as follows:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Date of grant	1 Aug 2014	11 Aug 2014	17 Dec 2015	19 Aug 2016
Option price	271.5p	267.0p	286.0p	276.8p
Options granted	596,646	104,860	10,489	21,676
Fair value of each option at date of grant	83p	81p	79p	50p
Options outstanding at 26 March 2016	504,571	67,410	10,489	–
Granted	–	–	–	21,676
Forfeited	(44,196)	(7,490)	–	–
Exercised	–	–	–	–
Options outstanding at 25 March 2017	**460,375**	**59,920**	**10,489**	**21,676**
Granted	**–**	**–**	**–**	**–**
Forfeited	**(22,098)**	**–**	**–**	**–**
Exercised	**(427,228)**	**(59,920)**	**–**	**–**
Options outstanding at 31 March 2018	**11,049**	**–**	**10,489**	**21,676**

No options have lapsed in either period.

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 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.

Vesting & exercise

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

LTIP 2014:

- The Total Shareholders Return (TSR) must exceed 15%, where the TSR is a measure of the change in share price and dividends paid in the vesting period.
- The underlying UK EBITDA in the Financial Year ended March 2017 is at least 130% greater than the underlying UK EBITDA in the Financial Year ended March 2014.

LTIP 2015, 2016, 2017A:

- 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 an 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

Below the 12.5% boundary, no options vest.

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

- 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 2018 there have been seven awards of the LTIP, with the details as follows.

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

	2014	2015-TSR	2015-EPS	2016-TSR	2016-EPS
Date of grant	1 Aug 2014	5 Aug 2015	5 Aug 2015	18 Aug 2016	18 Aug 2016
Nil price options granted	200,000	40,616	40,616	122,385.5	122,385.5
Fair value of each option at date of grant	134p	210p	341p	164p	254p
Options outstanding at 26 March 2016	112,963	40,616	40,616	–	–
Granted	–	–	–	122,385.5	122,385.5
Forfeited	(38,889)	–	–	–	–
Exercised	–	–	–	–	–
Options outstanding at 25 March 2017	**74,074**	**40,616**	**40,616**	**122,385.5**	**122,385.5**
Granted	**–**	**–**	**–**	**–**	**–**
Forfeited	**–**	**–**	**–**	**–**	**–**
Exercised	**(74,074)**	**–**	**–**	**–**	**–**
Options outstanding at 31 March 2018	**–**	**40,616**	**40,616**	**122,385.5**	**122,385.5**
Core valuation assumptions					
Risk free rate	1.39%	0.92%	0.92%	0.09%	0.09%
Expected life (years)	3	5	5	5	5
Volatility	25%	24%	24%	26%	26%
Dividend yield	0%	0.95%	0.95%	1.73%	1.73%

	2017A-TSR	2017A-EPS	2017/B1	2017/B2	2018/B1
Date of grant	7 Aug 2017	7 Aug 2017	7 Aug 2017	14 Aug 2017	23 Jan 2018
Nil price options granted	40,610	40,610	287,963	101,654	19,264
Fair value of each option at date of grant	272p	351p	361p	360p	400p
Options outstanding at 25 March 2017	**–**	**–**	**–**	**–**	**–**
Granted	**40,610**	**40,610**	**287,963**	**101,654**	**19,264**
Forfeited	**–**	**–**	**(16,072)**	**–**	**–**
Exercised	**–**	**–**	**–**	**–**	**–**
Options outstanding at 31 March 2018	**40,610**	**40,610**	**271,891**	**101,654**	**19,264**
Core valuation assumptions					
Risk free rate	0.52%	0.52%	0.25%	0.25%	0.25%
Expected life (years)	5	5	3	3	3
Volatility	32%	32%	32%	32%	32%
Dividend yield	1.4%	1.4%	1.4%	1.4%	1.4%

No options have lapsed in either period.

A total of 561,222 options have been exercised in the year, a further 11,049 options have vested and are eligible to be exercised. (2017: both nil). The options have been satisfied by the issue of new share capital.

In the year, £615k has been charged to profit & loss in respect to the share option schemes (2017: £254k). At the end of the year the outstanding share options were valued at £788k (2017: £675k).

11 Taxation

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 19% (2017: 20%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

Period ended	53 weeks to 31 March 2018 £'000	52 weeks to 25 March 2017 £'000
Current tax expense	**44,039**	40,186
Deferred tax credit	**(528)**	(1,301)
Total tax expense recorded in profit and loss	**43,511**	38,885
Current tax credit in other comprehensive income	**(54)**	–
Deferred tax (credit)/expense in other comprehensive income	**(2,416)**	(324)
Total tax (credit)/expense recorded in other comprehensive income	**(2,470)**	(324)
Result for the year before tax	**229,316**	182,918
Expected tax charge at the standard tax rate	**43,570**	36,584
Effect of:		
Expenses not deductible for tax purposes	**2,440**	2,615
Income not taxable	**(2,709)**	(734)
Foreign operation taxed at local rate	**790**	985
Changes in the rate of corporation tax	**55**	(1,027)
Adjustment in respect of prior years	**(485)**	382
Other	**(150)**	80
Actual tax expense	**43,511**	38,885

Deferred taxation

Statement of financial position	31 March 2018 £'000	25 March 2017 £'000
Accelerated tax depreciation	**(4,671)**	(819)
Relating to intangible brand assets	**(18,339)**	(17,473)
Fair valuing of assets and liabilities (asset)	**5,030**	607
Fair valuing of assets and liabilities (liability)	**(1,035)**	(82)
Movement in provision	**11**	85
Relating to share options	**206**	98
Held over gains on fixed assets	**(450)**	(471)
Other temporary differences (asset)	**407**	34
Other temporary differences (liability)	**–**	–
Net deferred tax liability	**(18,841)**	(18,021)
Deferred tax asset	**5,654**	824
Deferred tax liability	**(24,495)**	(18,845)

Statement of comprehensive income	53 weeks to 31 March 2018 £'000	52 weeks to 25 March 2017 £'000
Accelerated tax depreciation	**129**	(267)
Relating to intangible brand assets	**107**	802
Fair valuing of assets and liabilities	**2,278**	1,054
Movement in provision	**(75)**	3
Relating to share options	**108**	58
Held over gains on fixed assets	**21**	(68)
Other temporary differences	**376**	43
Net deferred tax credit	**2,944**	1,625
Total deferred tax in profit or loss	**528**	1,301
Total deferred tax in other comprehensive income	**2,416**	324

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.

12 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 52 week) basic and diluted earnings per share are calculated in the same way as above, except using adjusted\adjusted 52-week profit attributable to ordinary equity holders of the parent, as defined in notes 3 and 4.

There are share option schemes in place (see note 10) 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	31 March 2018 £'000	25 March 2017 £'000
Profit for the period attributable to owners of the parent	**185,833**	142,926
Adjusted profit for the period attributable to owners of the parent	**180,433**	148,783
Adjusted 52 week profit for the period attributable to owners of the parent	**177,818**	148,783
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	**1,000,353**	1,000,000
Effect of dilution:		
Employee share options	**298**	148
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,000,651**	1,000,148
	Pence	Pence
Basic earnings per share	**18.6**	14.3
Diluted earnings per share	**18.6**	14.3
Adjusted basic earnings per share	**18.0**	14.9
Adjusted diluted earnings per share	**18.0**	14.9
Adjusted 52 week basic earnings per share	**17.8**	14.9
Adjusted 52 week basic earnings per share	**17.8**	14.9

13 Investments in associates

Period ended	31 March 2018 £'000	25 March 2017 £'000
Net book value		
Carrying value at the start of the period	**5,669**	3,995
Dividends received	**(1,149)**	–
Share of profits in associates since the prior year valuation exercise	**1,919**	1,005
Impairment of holding in Home Focus Group	**(208)**	–
Sale of 20% holding in Home Focus Group	**(310)**	–
Effect of foreign exchange on translation	**(781)**	669
Carrying value at the end of the period	**5,140**	5,669

The Group has a 50% (2017: 50%) interest in Multi-lines International Company Ltd, a company incorporated in Hong Kong. The principal activity of the company is the purchase and sale of goods. The Group also holds 20% (2017: 40%) of the ordinary share capital of Home Focus Group Ltd, a company incorporated in Republic of Ireland and whose principal activity is retail sales.

Neither entity has discontinued operations or other comprehensive income, except that on consolidation both entities have a foreign exchange translation difference.

Notes to the consolidated financial statements continued

13 Investments in associates continued

During the year the Group sold 20% of the holding in Home Focus Group for €350k. The remaining 20% holding is also subject to a contract of sale in December 2020 for the same amount, therefore the remaining stake was revalued to €350k with a resulting impairment which has been recognised in profit and loss. Home Focus is considered immaterial for further disclosure.

Period ended	**31 March 2018 £'000**	25 March 2017 £'000
Multi-lines		
Non-current assets	**1,106**	1,409
Current assets	**36,004**	36,109
Non-current liabilities	**–**	–
Current liabilities	**(25,555)**	(26,010)
Net assets	**11,555**	11,508
Revenue	**169,244**	128,976
Profit	**3,805**	2,767

The figures for Multi-lines show 12 months to December 2017 (2017: 12 months to December 2016), being the period used in the valuation of the associate.

14 Intangible assets

	Goodwill £'000	Software £'000	Brands £'000	Other £'000	Total £'000
Cost or valuation					
At 27 March 2016	837,450	3,123	98,396	1,363	940,332
Additions due to purchase of Knüller	1,322	–	–	–	1,322
Additions	–	1,596	1,200	–	2,796
Disposals	–	(132)	–	–	(132)
Effect of retranslation	2,919	33	451	131	3,534
At 25 March 2017	**841,691**	**4,620**	**100,047**	**1,494**	**947,852**
Additions due to purchase of Heron	**87,580**	**1,305**	**14,178**	**–**	**103,063**
Additions	**–**	**1,612**	**1,750**	**–**	**3,362**
Disposals	**–**	**(289)**	**–**	**–**	**(289)**
Effect of retranslation	**447**	**3**	**68**	**20**	**538**
At 31 March 2018	**929,718**	**7,251**	**116,043**	**1,514**	**1,054,526**
Accumulated amortisation/impairment					
At 27 March 2016	–	963	–	745	1,708
Charge for the year	–	574	–	220	794
Disposals	–	(132)	–	–	(132)
Effect of retranslation	–	20	–	78	98
At 25 March 2017	**–**	**1,425**	**–**	**1,043**	**2,468**
Charge for the year	**–**	**1,436**	**13**	**203**	**1,652**
Disposals	**–**	**(289)**	**–**	**–**	**(289)**
Effect of retranslation	**–**	**3**	**–**	**12**	**15**
At 31 March 2018	**–**	**2,575**	**13**	**1,258**	**3,846**
Net book value at 31 March 2018	**929,718**	**4,676**	**116,030**	**256**	**1,050,680**
Net book value at 25 March 2017	841,691	3,195	100,047	451	945,384

Impairment review of intangible assets held with indefinite life

The Group holds the following assets with indefinite life:

Segment	**31 March 2018 Goodwill £'000**	**31 March 2018 Brand £'000**	25 March 2017 Goodwill £'000	25 March 2017 Brand £'000
UK B&M	**807,496**	**95,650**	807,496	94,900
UK Heron	**87,533**	**14,178**	–	–
Germany retail	**34,642**	**5,215**	34,195	5,147

Not all items in the brand classification have indefinite life as some are time limited. The brand intangible assets that have been identified as having indefinite life are designated as such as management believe that these assets will hold their value for an indefinite period of time.

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 UK Heron assets are a new addition in the year (2017: Germany acquired assets of a small chain of stores, increasing their goodwill balance) see note 7 for more details.

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 German balances are held in Euros, the underlying balances being €39.5m for Goodwill and €6.0m for the brands (2017: same). Since the cashflows that support the carrying values are also primarily in Euros, the impairment test for the German retail segment has been carried out in that currency.

In each case, the results of the impairment tests identified that the VIU was significantly in excess of the carrying value of assets within the group of CGUs at the period end dates. No indicators of impairment were noted.

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, a prudent estimate made by management.

The values for the assumptions were:

As at	**31 March 2018**	25 March 2017
Discount rate (B&M)	**10.7%**	8.0%
Discount rate (Heron)	**11.5%**	N/A
Discount rate (Germany)	**13.2%**	8.0%
Inflation rate for expenses (UK)	**3.6%**	2.3%
Inflation rate for expenses (Germany)	**1.7%**	1.6%
Like for like sales growth (B&M)	**2.0%**	3.0%
Like for like sales growth (Heron)	**3.0%**	N/A
Like for like sales growth (Germany)	**2.0%**	2.5%

These assumptions are held for five years in the forecast and then a perpetuity is performed over the year five figures, effectively assuming no further like for like growth, or inflation after that point.

In order to demonstrate the sensitivity of the assumptions, it was calculated that the Group would first be required to recognise an impairment at (all other assumptions being held equal);

	UK B&M		UK Heron		Germany	
	31 March 2018	25 March 2017	**31 March 2018**	25 March 2017	**31 March 2018**	25 March 2017
Discount rate	**46.1%**	45.6%	**34.5%**	N/A	**88.8%**	>100%
Inflation rate for expenses	**17.6%**	19.8%	**14.1%**	N/A	**18.8%**	22.8%
Like for like sales	**(6.8)%**	(8.5)%	**(4.3)%**	N/A	**(9.5)%**	(11.9)%

15 Property, plant & equipment

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost or valuation				
At 27 March 2016	34,750	3,525	142,982	181,257
Acquisition of Knüller	–	–	42	42
Additions	7,971	681	40,508	49,160
Remeasurement of finance leases	2,539	–	–	2,539
Disposals	(847)	(758)	(547)	(2,152)
Effect of retranslation	1,837	37	925	2,799
At 25 March 2017	**46,250**	**3,485**	**183,910**	**233,645**
Acquisition of Heron	**31,388**	**5,787**	**30,124**	**67,299**
Additions	**58,097**	**4,493**	**48,678**	**111,268**
Disposals	**(506)**	**(1,313)**	**(4,180)**	**(5,999)**
Effect of retranslation	**306**	**5**	**164**	**475**
At 31 March 2018	**135,535**	**12,457**	**258,696**	**406,688**
Accumulated depreciation				
At 27 March 2016	8,523	1,550	33,134	43,207
Charge for the period	3,941	694	20,586	25,221
Disposals	(26)	(457)	(531)	(1,014)
Effect of retranslation	247	9	227	483
At 25 March 2017	**12,685**	**1,796**	**53,416**	**67,897**
Charge for the period	**4,607**	**1,559**	**29,065**	**35,231**
Disposals	**(181)**	**(1,106)**	**(3,880)**	**(5,167)**
Effect of retranslation	**41**	**2**	**31**	**74**
At 31 March 2018	**17,152**	**2,251**	**78,632**	**98,035**
Net book value at 31 March 2018	**118,383**	**10,206**	**180,064**	**308,653**
Net book value at 25 March 2017	33,565	1,689	130,494	165,748

The carrying value of assets held under finance lease and hire purchase contracts at 31 March 2018 was £7.5m (2017: £6.7m) and total depreciation charged on these assets during the period was £1.0m (2017: £0.9m). The assets held under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Under the terms of the loan and notes facilities in place at 31 March 2018, fixed and floating charges were held over £99.6m of the net book value of land and buildings, £9.7m of the net book value of motor vehicles and £167.5m of the net book value of the plant, fixtures and equipment. (2017: £13.8m, £1.4m, £119.7m respectively).

A significant addition was made to the land & buildings category in relation to the southern warehouse. At the year end the balance in relation to this stood at £55.0m (2017: £nil). The warehouse is undergoing a building phase and has not yet been brought into use and is therefore not yet depreciated. The intention is that the asset will undergo a sale & leaseback process near to or at completion. A further £0.5m of assets in the Land & Buildings category relates to other assets under construction (2017: £nil).

Included within land and buildings is land with a cost of £62.6m (2017: £2.3m) which is not depreciated.

16 Inventories

As at	**31 March 2018 £'000**	25 March 2017 £'000
Goods for resale	**558,690**	462,119

Included in the amount above was a net charge of £1.3m related to inventory provisions (2017: £3.5m net charge). In the period to 31 March 2018 £2,031m (2017: £1,595m) was recognised as an expense for inventories.

17 Trade and other receivables

	31 March 2018 £'000	25 March 2017 £'000
Non-current		
Lease premiums	**2,150**	2,413
Favourable leases	**1,037**	–
	3,187	2,413
Current		
Trade receivables	**3,221**	3,447
Deposits on account	**1,575**	6,451
Provision for impairment	**(160)**	(18)
Net trade receivables to non-related parties	**4,636**	9,880
Prepayments	**27,165**	23,525
Related party receivables	**410**	1,335
Lease premiums	**324**	567
Favourable leases	**183**	–
Other receivables	**1,324**	91
	34,042	35,398

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.

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

Period ended	31 March 2018 £'000	25 March 2017 £'000
Provision for impairment at the start of the period	**(18)**	(51)
Impairment during the period	**(145)**	(17)
Utilised/released during the period	**3**	50
Balance at the period end	**(160)**	(18)

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

There were no significant balances within debtors at either March 2018 or March 2017 and as such there is no specific concentration of credit risk.

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

As at	31 March 2018 £'000	25 March 2017 £'000
Neither past due nor impaired	**2,086**	2,873
Past due less than one month	**651**	452
Past due between one and three months	**230**	93
Past due for longer than three months	**254**	29
Balance at the period end	**3,221**	3,447

18 Cash and cash equivalents

As at	31 March 2018 £'000	25 March 2017 £'000
Cash at bank and in hand	**90,816**	155,551
Overdrafts	**(6,112)**	–
Cash and cash equivalents	**84,704**	155,551

As at 31 March 2018 the Group had available £89.0m of undrawn committed borrowing facilities (2017: £128.7m).

19 Trade and other payables

As at	31 March 2018 £'000	25 March 2017 £'000
Non-current		
Accruals	**250**	897
Reverse lease premium	**78,859**	76,064
Unfavourable leases	**8,021**	–
	87,130	76,961
Current		
Trade payables	**264,224**	199,901
Other tax and social security payments	**7,845**	1,869
Accruals and deferred income	**28,251**	39,832
Reverse lease premium	**14,446**	10,791
Unfavourable leases	**1,165**	–
Related party trade payables	**12,345**	6,472
Other payables	**7,796**	8,950
	336,072	267,815

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 28.

20 Other financial assets and liabilities

Other financial assets

As at	31 March 2018 £'000	25 March 2017 £'000
Current financial assets at fair value through profit and loss:		
Foreign exchange forward contracts	**–**	61
Fuel swap contracts	**–**	232
Current financial assets at fair value through other comprehensive income:		
Foreign exchange forward contracts	**–**	117
Total current other financial assets	**–**	410
Total other financial assets	**–**	410

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	31 March 2018 £'000	25 March 2017 £'000
Non-current financial liabilities at fair value through profit and loss:		
Put/call options over the non-controlling interest of Jawoll	**8,076**	17,886
Deferred consideration in relation to the purchase of Heron	**11,133**	–
Total non-current other financial liabilities	**19,209**	17,886
Current financial liabilities at fair value through profit and loss:		
Foreign exchange forward contracts	**923**	287
Current financial liabilities at fair value through other comprehensive income:		
Foreign exchange forward contracts	**15,743**	1,783
Total current other financial liabilities	**16,666**	2,070
Total other financial liabilities	**35,875**	19,956

The put/call options over the non-controlling interest in Jawoll arose as part of the acquisition of the entity. The valuation at year end reflects management's latest projections for the final amount to be exchanged at the year end foreign exchange rate. The option matures in 2019 and the carrying value has been discounted to present value.

The deferred consideration relates to the acquisition of Heron. The valuation at year end reflects management's expectation that the full amount of £12.8m will be payable in 2019. The carrying value has been discounted to present value.

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
31 March 2018				
Foreign exchange contracts	**(16,666)**	**–**	**(16,666)**	**–**
Put/call options on Jawoll non-controlling interest	**(8,076)**	**–**	**–**	**(8,076)**
Deferred consideration in relation to Heron	**(11,133)**	**–**	**–**	**(11,133)**
25 March 2017				
Foreign exchange contracts	(1,892)	–	(1,892)	–
Fuel swap contract	232	–	232	–
Put/call options on Jawoll non-controlling interest	(17,886)	–	–	(17,886)

The put/call option and deferred consideration were valued with reference to the sale and purchase agreements underpinning the relevant acquisition. The key variable in determining the fair value of these balances is the forecast EBITDA, respectively of Jawoll and Heron, as prepared by management.

The movement in the valuation of the call/put option reconciles as follows:

Period ended	**53 weeks to 31 March 2018 £'000**	52 weeks to 25 March 2017 £'000
Opening value	**17,886**	16,041
Unwinding of the call/put option valuation	**1,459**	1,573
Adjustment to the valuation of the call/put option	**(11,568)**	(1,279)
Effect of foreign exchange	**299**	1,551
Closing value	**8,076**	17,886

As the valuation is a multiple of German EBITDA, it is sensitive to the movement in the projection of this value and a 5% movement in EBITDA would therefore effect a 5% change in the valuation.

The valuation is also sensitive to the Group discount rate. As an indication the sensitivities (all other inputs being held equal) to a change in the year end discount rates are as follows:

As at	**Change in discount rate**	**31 March 2018 £'000**	25 March 2017 £'000
Effect on profit before tax	**+50bps**	**61**	160
	-50bps	**(62)**	(162)

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

Period ended	**53 weeks to 31 March 2018 £'000**	52 weeks to 25 March 2017 £'000
Opening value	**–**	–
Recognised on acquisition of Heron	**10,422**	–
Unwinding of the deferred consideration balance	**711**	–
Closing value	**11,133**	–

20 Other financial assets and liabilities continued

The balance is not considered sensitive to the main valuation input of Heron's EBITDA, since a 5% increase or decrease in management's estimate would not change the value recognised. The discount rate used is that considered to be fair at the acquisition date. If it were it to move by 0.5% the effects would be:

As at	Change in discount rate	31 March 2018 £'000	25 March 2017 £'000
Effect on profit before tax	+50bps	78	–
	-50bps	(65)	–

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.

21 Financial liabilities – borrowings

As at	31 March 2018 £'000	25 March 2017 £'000
Current		
Revolving facility bank loan	45,000	–
Heron loan facilities – Melton	807	–
Heron loan facilities – Offset	605	–
Heron loan facilities – Term	800	–
	47,212	–
Non-current		
High yield bond notes	247,558	246,815
Term facility bank loans	297,288	296,910
Heron loan facilities – Melton	5,243	–
Heron loan facilities – Offset	3,967	–
Heron loan facilities – Term	4,370	–
	558,426	543,725

The Group refinanced during the prior year, repaying the previous loan facilities, totalling £440.0m, and replacing them with a new loan facility of £300.0m and high yield bond notes released by the parent entity of £250.0m. Details of maturities and interest rates are included in the table below.

The term facility bank loans 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 Heron loan facilities were brought into the Group as part of the acquired balance sheet on 2 August 2017. All are held with Handelsbanken and are carried at their gross cash amount. Further details are in the maturity table below.

The maturities of the loan facilities and finance leases (also see note 25) are as follows.

	Interest rate %	Maturity	31 March 2018 £'000	25 March 2017 £'000
Finance leases	1.2-7.0%	2018-37	9,176	7,463
Revolving Facility loan	2.00% + LIBOR	Apr-18	45,000	–
Term facility bank loan A	2.25% + LIBOR	Jul-21	–	300,000
Term facility bank loan A	2.00% + LIBOR	Jul-21	300,000	–
High yield bond notes	4.125%	Feb-22	250,000	250,000
Heron loan facilities – Melton	2.25% + LIBOR	Jul-25	6,050	–
Heron loan facilities – Offset	2.45% + LIBOR	Sep-22	4,572	–
Heron loan facilities – Term	2.50% + LIBOR	Dec-21	5,170	–
			619,968	557,463

Term loan A and the high yield bond notes have carrying values which include transaction fees allocated on inception.

22 Provisions

	Property provisions £'000	Other £'000	Total £'000
At 27 March 2016	2,602	4,214	6,816
Provided in the period	1,367	2,770	4,137
Utilised during the period	(374)	(1,857)	(2,231)
Released during the period	(1,855)	(1,092)	(2,947)
Effect of retranslation	16	–	16
At 25 March 2017	1,756	4,035	5,791
Brought in on acquisition of Heron	**1,538**	**–**	**1,538**
Provided in the period	**1,280**	**2,264**	**3,544**
Utilised during the period	**(1,198)**	**(1,807)**	**(3,005)**
Released during the period	**(538)**	**(31)**	**(569)**
Effect of retranslation	**3**	**–**	**3**
At 31 March 2018	**2,841**	**4,461**	**7,302**
Current liabilities 2018	**2,462**	**4,461**	**6,923**
Non-current liabilities 2018	**379**	**–**	**379**
Current liabilities 2017	834	4,035	4,869
Non-current liabilities 2017	922	–	922

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 insurance 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 £8.4k per claim (£8.3k in 2017).

23 Share capital

As at	**31 March 2018 £'000**	25 March 2017 £'000
Allotted, called up and fully paid		
B&M European Value Retail S.A.		
1,000,561,222 ordinary shares of 10p each (2017: 1,000,000,000)	**100,056**	100,000
	100,056	100,000

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 (2017: 2,972,222,222) ordinary shares.

B&M European Value Retail S.A. has released 561,222 shares during the period in relation to exercised employee and director share options, see note 10.

24 Cash generated from operations

Period ended	53 weeks ended 31 March 2018 £'000	52 weeks ended 25 March 2017 £'000
Profit before tax	**229,316**	182,918
Adjustments for:		
Net interest expense	**12,198**	22,590
Depreciation	**35,231**	25,221
Amortisation of intangible assets	**1,652**	794
Profit on remeasurement of finance leases	**–**	(317)
Loss/(profit) on disposal of property, plant and equipment	**277**	(405)
Loss on share options	**615**	254
Change in inventories	**(79,099)**	(99,662)
Change in trade and other receivables	**(1,168)**	(6,666)
Change in trade and other payables	**39,377**	84,575
Change in provisions	**1,511**	(1,042)
Share of profit from associates	**(1,711)**	(1,005)
Non-cash foreign exchange effect from retranslation of subsidiary cashflows	**(31)**	249
Loss resulting from fair value of financial derivatives	**3,825**	3,369
Cash generated from operations	**241,993**	210,873

25 Commitments

Operating leases

The vast majority of the Group's operating lease commitments relate to the property comprising its store network. At the year-end over 95% of these leases expire in the next 15 years (2017: >95%) The leases are separately negotiated and no subgroup is considered to be individually significant nor to contain individually significant terms. The Group was not subject to non-trivial contingent rent agreements at the year end date. The following table sets out the total future minimum lease payments under non-cancellable operating leases, taking account of lease premiums.

As at	31 March 2018 £'000	25 March 2017 £'000
Not later than one year	**154,508**	133,696
Later than one year and not later than five years	**554,293**	484,814
Later than five years	**548,974**	494,478
	1,257,775	1,112,988

The lease and sublease payments recognised as an expense in the periods were as follows:

As at	31 March 2018 £'000	25 March 2017 £'000
Lease payments	**150,512**	127,369
Sublease receipts	**(1,043)**	(571)
	149,469	126,798

Finance leases

All of the Group's finance leases related to buildings used in the operation of the German and UK Heron businesses. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	31 March 2018		25 March 2017	
As at	Minimum payments £'000	PV of minimum payments £'000	Minimum payments £'000	PV of minimum payments £'000
Not later than one year	**2,121**	**1,870**	1,227	994
Later than one year and not later than five years	**6,507**	**6,047**	4,791	4,227
Later than five years	**1,260**	**1,259**	2,295	2,242
	9,888	**9,176**	8,313	7,463

Capital commitments

There were £44.1m of contractual capital commitments not provided within the Group financial statements as at 31 March 2018 (2017: £3.5m). This figure includes an estimated £40.7m in relation to the build and fit out of the southern warehouse which, whilst the majority is not yet committed, is considered very likely to be incurred. The southern warehouse is expected to undergo a sale & leaseback around the date of completion.

26 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.àr.l.	Luxembourg	November 2012	100%	Holding company
Bedford DC Investment Ltd	Jersey	June 2017	100%	Property development
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.àr.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%	Holding company
J.A. Woll Handels GmbH	Germany	November 1987	80%	General retail
Jawoll Vertriebs GmbH I	Germany	September 2007	80%	General retail

Changes during the year

The Group acquired four businesses comprising the Heron Food Group as detailed in note 7. Retail Industry Apprenticeships Ltd and Bedford DC Investment Ltd were incorporated and are fully owned by the Group. BestFlora was fully incorporated into the other Germany entities and disposed of. Also see the associates section below.

Changes during the prior year

Meltore Limited, previously a dormant 100% owned subsidiary of EV Retail Limited, has been disposed of and is no longer a member of the Group. Jawoll acquired the non-controlling interest in BestFlora GmbH, and now owns 100% (previously 75%) of that entity (the percent held within the group increased from 60% to 80%). Neither of these transactions has had nor will have significant accounting effects for the Group.

Associates

The Group has a 50% interest in Multi-lines International Company Limited, a company incorporated in Hong Kong and a 20% (40% prior to December 2017) interest in Home Focus Group Limited, a company incorporated in the Republic of Ireland following the acquisition of SBR Europe on 6 March 2013. The share of profit/loss from the associates is included in the statement of comprehensive income, see note 13.

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.

27 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 previously 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	31 March 2018 £'000	25 March 2017 £'000
Effect on profit before tax	+5%	–	159
	-5%	–	(151)

27 Financial risk management continued

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 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.

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	31 March 2018 £'000	25 March 2017 £'000
Effect on profit before tax	+2.5%	(588)	(885)
	-2.5%	618	931
Effect on other comprehensive income	+2.5%	(10,150)	(9,403)
	-2.5%	10,671	7,919

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	31 March 2018 £'000	25 March 2017 £'000
Effect on profit before tax	+2.5%	18	(4)
	-2.5%	(19)	9
Effect on other comprehensive income	+2.5%	(2,012)	(1,997)
	-2.5%	2,115	2,101

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	31 March 2018 £'000	25 March 2017 £'000
Effect on profit before tax	+50	(1,716)	(1,891)
	-50	1,716	1,891

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.

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 and trade receivables. The credit risk associated with cash is limited as the main counterparty is a UK clearing bank with a high credit rating (A-long term and A-1 short term (standard & poor), (2017: A, A-2 respectively). The principal credit risk arises therefore from the Group's trade receivables.

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

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

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

The Group's borrowings are subject to quarterly banking covenants against which the Group has had significant headroom to date with no anticipated issues based upon forecasts made. Short term flexibility is achieved via the Group's rolling credit facility. The following table shows the liquidity risk maturity of financial liabilities grouping based on their remaining period at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows:

	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000	Total £'000
31 March 2018					
Interest bearing loans	**66,273**	**21,109**	**587,778**	**2,099**	**677,259**
Forward foreign exchange contracts	**16,666**	**–**	**–**	**–**	**16,666**
Trade payables	**276,570**	**–**	**–**	**–**	**276,570**
Call/put option (Jawoll)	**–**	**9,637**	**–**	**–**	**9,637**
Deferred consideration (Heron)	**–**	**12,800**	**–**	**–**	**12,800**
25 March 2017					
Interest bearing loans	19,433	19,433	603,738	–	642,603
Forward foreign exchange contracts	2,070	–	–	–	2,070
Trade payables	206,373	–	–	–	206,373
Call/put option (Jawoll)	–	20,862	–	–	20,862

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	**31 March 2018 £'000**	25 March 2017 £'000
Financial assets		
Fair value through profit and loss		
Forward foreign exchange contracts	**–**	61
Fuel price swap	**–**	232
Fair value through other comprehensive income		
Forward foreign exchange contracts	**–**	117
Loans and receivables		
Cash and cash equivalents	**90,816**	155,551
Trade receivables	**5,046**	11,215
Other receivables	**1,324**	91
Financial liabilities		
Fair value through profit and loss		
Forward foreign exchange contracts	**923**	287
Put/call options over the non-controlling interest of Jawoll	**8,076**	17,886
Deferred consideration in relation to the purchase of Heron	**11,133**	–
Fair value through other comprehensive income		
Forward foreign exchange contracts	**15,743**	1,783
Amortised cost		
Overdraft	**6,112**	–
Interest-bearing loans and borrowings	**603,426**	543,725
Trade payables	**276,569**	206,373
Other payables	**7,796**	8,950

Notes to the consolidated financial statements continued

28 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, a customer, have been associates of the Group since March 2013.

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, 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 is the landlord of a property occupied by the Group (Comprising the Heron related parties).

Jawoll Immobilien GmbH, Stern Grundstück Entwicklungs GmbH, DS Grundstücks GmbH and Silke Stern are all landlords of properties occupied by the Group and are related by virtue of connection to a shareholder of J.A.Woll-Handels GmbH (together, the German related parties). Some of these are held under finance lease, as detailed below.

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	**31 March 2018 £'000**	25 March 2017 £'000
Sales to associates of the Group		
Home Focus Group Limited	**2,408**	2,503
Total sales to related parties	**2,408**	2,503
Purchases from associates of the Group		
Multi-lines International Company Ltd	**146,360**	121,351
Purchases from parties related to key management personnel		
Multi-Lines International (Properties) Ltd	**151**	154
David Heuck	**28**	–
DS Grundstücks GmbH	**794**	759
Jawoll Immobilien GmbH	**550**	524
Rani Investments	**194**	192
Ropley Properties Ltd	**2,976**	2,811
Silke Stern	**157**	148
Stern Grundstück Entwicklungs	**620**	591
TJL UK Ltd	**675**	42
Triple Jersey Ltd	**12,666**	10,250
Total purchases from related parties	**165,171**	136,822

Included in the current year figures above are 6 leases of new stores and 2 renewals of existing stores, entered into by Group companies during the current period with the Arora related parties (2017: 6 new, or extensions to existing, leases and no renewals). The total expense on these leases in the period was £1,778k (2017: £763k). There were also 4 conditionally exchanged leases with Arora related parties in the current period with long stop completion dates (2017: 2), and no expense is incurred under them until they are completed.

The following table sets out the total amount of trading balances with related parties outstanding at the period end. Note that the receivables balance held with Multi-lines International is with our German operation (a deposit on account) and the payables balance is with our UK operation.

As at	**31 March 2018 £'000**	25 March 2017 £'000
Trade receivables from associates of the Group		
Home Focus Group Ltd	**316**	706
Multi-lines International Company Ltd	**94**	629
Total related party trade receivables	**410**	1,335
Trade payables to associates of the Group		
Multi-lines International Company Ltd	**9,680**	3,385
Trade payables to companies owned by key management personnel		
Rani Investments	**40**	–
Ropley Properties Ltd	**643**	850
TJL UK Ltd	**3**	85
Triple Jersey Ltd	**1,979**	2,152
Total related party trade payables	**12,345**	6,472

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 31 March 2018 (2017: 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 operating lease commitments on the Arora related party properties are;

As at	**31 March 2018 £'000**	25 March 2017 £'000
Not later than one year	**16,308**	14,544
Later than one year and not later than five years	**65,565**	57,704
Later than five years	**85,934**	76,341
	167,807	148,589

The future operating lease commitments on the German related party properties are;

As at	**31 March 2018 £'000**	25 March 2017 £'000
Not later than one year	**877**	578
Later than one year and not later than five years	**2,438**	561
Later than five years	**–**	–
	3,315	1,139

The future operating lease commitments on the Heron related party properties are;

As at	**31 March 2018 £'000**	25 March 2017 £'000
Not later than one year	**43**	–
Later than one year and not later than five years	**170**	–
Later than five years	**397**	–
	610	–

The balances remaining on the finance lease asset and liabilities at each year end is as follows:

As at	**31 March 2018 £'000**	25 March 2017 £'000
Finance lease assets from parties related to key management personnel		
DS Grundstücks GmbH	**2,084**	2,386
Jawoll Immobilien GmbH	**1,020**	1,161
Silke Stern	**497**	632
Stern Grundstück Entwicklungs	**2,213**	2,520
Total assets held under finance lease from related parties	**5,814**	6,699
Finance lease liabilities with parties related to key management personnel		
DS Grundstücks GmbH	**2,262**	2,531
Jawoll Immobilien GmbH	**1,170**	1,332
Silke Stern	**577**	733
Stern Grundstück Entwicklungs	**2,410**	2,707
Total finance lease liabilities held with related parties	**6,419**	7,303

All related party finance leases are on properties occupied by the German business. During the prior year six of these properties were extended, resulting in a profit of £317k on remeasurement.

The Group disposed of part of the holding in Home Focus Group during the year, and received dividends from Multi-Lines International Company Limited. See note 13 for further information on the Group's associates.

For further details on the transactions with key management personnel, see note 9 and the remuneration report.

Notes to the consolidated financial statements continued

29 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 exists a non-controlling interest in Jawoll, an 80% subsidiary of B&M European Value Retail Germany GmbH, which was created on purchase of that company in April 2014. The percentage has not changed over the period of ownership.

In the 53 weeks to 31 March 2018, £119k has been accrued to the non-controlling interest in Jawoll (52 weeks 2017: £2,082k), and no dividends have been paid (2017: no dividends).

The summarised financial information of the subsidiary is as follows:

	Period ended 31 March 2018 £'000	Period ended 25 March 2017 £'000
Revenue	**200,306**	178,395
EBITDA	**5,621**	11,677
Profit after tax	**859**	5,908
Net cashflow	**4,240**	(3,586)

As at	**31 March 2018 £'000**	25 March 2017 £'000
Non-current assets	**38,756**	38,062
Current assets	**54,961**	55,334
Non-current liabilities	**(7,357)**	(9,248)
Current liabilities	**(20,310)**	(19,026)
Net assets	**66,050**	65,122

There previously existed an additional non-controlling interest in BestFlora GmbH, which was a 75% subsidiary of Jawoll at the start of the prior year. This company was incorporated into the group in April 2014. In December 2016 Jawoll purchased the remaining 25% share and therefore this additional non-controlling interest no longer exists. During the prior year £nil was accrued to this non-controlling interest and £nil was paid out in dividends.

Jawoll bought out the non-controlling interest for €210k, when it had a book value on the Group accounts of €476k. There was therefore a profit recognised in reserves of €266k, which has translated to £224k for these accounts. The effects of this transaction can be seen in the Statement of Changes in Equity.

BestFlora is considered immaterial for further disclosure.

30 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, and includes finance leases.

As at	**31 March 2018 £'000**	25 March 2017 £'000
Interest bearing loans and borrowings	**619,968**	557,463
Less: Cash and short term deposits – overdrafts	**(84,704)**	(155,551)
Net debt	**535,264**	401,912

31 Post balance sheet events

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

32 Dividends

An interim dividend of 2.4 pence per share (£24.0m) was paid in December 2017.
A final dividend of 4.8 pence per share (£48.0m), giving a full year dividend of 7.2 pence per share (£72.0m), is proposed.

Relating to the prior year:
A special dividend of 10.0 pence per share (£100.0m) was paid in July 2016.
An interim dividend of 1.9 pence per share (£19.0m) was paid in December 2016.
A final dividend of 3.9 pence per share (£39.0m), giving a full year (non-special) dividend of 5.8 pence per share (£58.0m), was paid in August 2017.

33 Contingent liabilities and guarantees

As at 31 March 2018 and 25 March 2017, 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 £345.0m for the loans (2017: £300m), with the balance held in B&M European Value Retail Holdco 4 Ltd, and £250.0m for the notes, with the balance held in B&M European Value Retail S.A.

As at 31 March 2018, 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 £15.8m, with the balance held in Heron Foods Ltd.

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 2018, and the profit and loss account for the year then ended, and the 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 2018, 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 those Regulation, Law and standards 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 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 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 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 judgement and maintain professional scepticism 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;
- 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 General Meeting of the Shareholders on 28 July 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

The management report on pages 65 to 69 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 40 to 47 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, on the audit profession were not provided and that we remain independent of the Company in conducting the audit.

Other matter

The Corporate Governance Statement includes information required by Article 68ter paragraph (1) points a), b), e), f) and g) 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.

Luxembourg, 29 May 2018
KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
Thierry Ravasio

Company balance sheet
As at 31 March, 2018

	Notes	31 March 2018 GBP	31 March 2017 GBP
ASSETS			
FIXED ASSETS			
Tangible assets			
Other fixtures and fittings, tools and equipment		**8,262**	11,802
Financial assets	3		
Shares in affiliated undertakings		**2,624,999,999**	2,624,999,999
		2,625,008,261	2,625,011,801
CURRENT ASSETS			
Debtors			
Amounts owed by affiliated undertakings	4		
becoming due and payable within one year		**302,080,659**	287,935,431
Other debtors	5		
becoming due and payable within one year		**199,330**	149,712
		302,279,989	288,085,143
Cash at bank and in hand		**42,647**	41,124
TOTAL ASSETS		**2,927,330,897**	2,913,138,068

	Notes	31 March 2018 GBP	31 March 2017 GBP
CAPITAL, RESERVES AND LIABILITIES			
CAPITAL AND RESERVES	6		
Subscribed capital		**100,056,122**	100,000,000
Share premium account		**2,473,745,635**	2,472,481,847
Reserves			
Legal reserve		**10,000,000**	10,000,000
Profit or loss for the financial year		**76,538,619**	95,913,332
Profit or loss brought forward		**37,913,334**	
Interim dividends		**(24,013,293)**	(19,000,000)
Total capital and reserves		**2,674,240,417**	2,659,395,179
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		**120,869**	1,378,608
Amounts owed to affiliated undertakings			
becoming due and payable within one year		**1,163,957**	17,860
Other creditors			
Tax authorities		**25,929**	605,815
Social security authorities		**–**	–
Other creditors			
becoming due and payable within one year		**60,975**	21,856
		1,371,730	2,024,139
TOTAL CAPITAL, RESERVES AND LIABILITIES		**2,927,330,897**	2,913,138,068

The accompanying notes form an integral part of these annual accounts.

Company profit and loss account
for the financial year ended 31 March 2018

	Notes	31 March 2018 GBP	31 March 2017 GBP
Raw materials and consumables and other external expenses			
Other external expenses	8	**(1,001,579)**	(4,593,284)
Staff costs	9		
Wages and salaries		**(226,304)**	(147,677)
Social security costs			
relating to pensions		**(16,769)**	(13,250)
other social security costs		**(9,810)**	(8,782)
Value adjustments			
In respect of formation expenses and of tangible and intangible assets		**(3,541)**	(3,540)
Other operating expenses	10	**(551,327)**	(245,878)
Income from participating interests	11		
Derived from affiliated undertakings		**78,000,000**	99,750,000
Other interest receivable and similar income	12		
Derived from affiliated undertakings		**10,829,043**	2,760,408
Other interest and similar income		**33,106**	279,605
Interest payable and similar expenses	13		
Other interest and similar expenses		**(10,382,568)**	(1,771,775)
Tax on profit or loss	14	**(7,305)**	–
Profit or loss after taxation		**76,662,946**	96,005,827
Other taxes not included in the previous caption	14	**(124,327)**	(92,495)
Profit or loss for the financial year		**76,538,619**	95,913,332

The accompanying notes form an integral part of these annual accounts.

Notes to the annual accounts
for the financial year ended 31 March 2018

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. It is intended to hold an EGM 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 on the law of commercial companies.

The registered office of the Company is established in Luxembourg City and is registered with the Luxembourg Trade and Companies register in Luxembourg under number B 187 275.

The financial year starts on 1 April 2017 and ends on 31 March 2018.

The main purpose of the Company is to act as an investment holding company and to coordinate the business of any corporate bodies in which the Company is for the time being directly or indirectly interested and to acquire (whether by original subscription, tender, purchase, exchange or otherwise) the whole or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by any person and any other asset of any kind and to hold the same as investments, and to sell, exchange and dispose of the same.

The Company also prepares consolidated financial statements, which are published according to the provisions of the law.

On 13 November 2017, the Board acknowledged the resignation of Sir Terry Leahy who had notified his retirement effective as from 01 March 2018 to the Company. Peter Bamford was then co-opted by the Board of Directors as Independent Non-Executive Director of the Company and Chairman of the Board of Directors with effect as from 01 March 2018. David Novak resigned as Non-Executive Director of the Company with immediate effect on 18 January 2018.

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.

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 2018 GBP	Net result for the financial year ended 31 March 2018 GBP	Net book value as at 31 March 2018 GBP
B&M EVR 1*	Luxembourg	100%	**646,838,074**	**77,988,850**	**2,624,999,999**

* B&M EVR 1 refers to B&M European Value Retail 1 S.àr.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.

In November 2017 an interim dividend of 23m GBP was distributed by B&M EVR 1 to the Company. In March 2018 an interim dividend of 55m GBP was distributed by B&M EVR 1 to the Company.

Notes to the annual accounts continued
for the financial year ended 31 March 2018

Note 4 – Amounts owed by affiliated undertakings

	March 2018 GBP	March 2017 GBP
becoming due and payable within one year:		
B&M European Value Retail Holdco 4 Ltd. ("B&M Holdco 4")	**247,080,641**	248,935,413
B&M European Value Retail 2 S.àr.l. ("B&M EVR 2")	**18**	18
B&M EVR 1 – Dividend receivable (Note 11)	**55,000,000**	39,000,000
Total	**302,080,659**	287,935,431

The amounts owed by B&M Holdco 4 are interest bearing (Note 12) and payable on demand. The amounts owed by B&M EVR 1&2 are non-interest bearing and payable on demand. Where interest is calculated it has been done on an arm's length basis.

Note 5 – Other debtors

	March 2018 GBP	March 2017 GBP
becoming due and payable within one year:		
Prepaid VAT	**158,998**	131,787
Prepaid income and net wealth taxes	**–**	14,230
Other advances	**40,332**	3,695
Total	**199,330**	149,712

Note 6 – Capital and reserves

Subscribed capital and share premium account

As at 31 March 2018, the share capital is set at GBP 100,056,122 divided into 1,000,561,222 ordinary shares with a nominal value of GBP 0.10 each and the un-issued but authorised share capital is set at GBP 297,166,100. The Company's share capital is represented by only one class of (ordinary) shares.

During the financial year under review, share options reported under the annual accounts as at 31 March 2017 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, 561,222 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 follow:

	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	2,472,481,847	10,000,000	–	95,913,334	(19,000,000)	2,559,395,181
Allocation of prior period's result	–	–	95,913,334	(95,913,334)	–	–
proceeds rec. from share options	1,263,788	–	–	–	–	1,263,788
Allocate interim dividends	–	–	(19,000,000)	–	19,000,000	–
Final dividend	–	–	(39,000,000)	–	–	(39,000,000)
Interim dividends	–	–	–	–	(24,013,293)	(24,013,293)
Profit for the financial year	–	–	–	76,538,619	–	76,538,619
As at the end of the financial year	2,473,745,635	10,000,000	37,913,334	76,538,619	(24,013,293)	2,574,184,295

On 13 November 2017 the Board of Directors unanimously approved the distribution of an interim dividend of 2.4p per ordinary share, being a total aggregate distribution of GBP 24,013,292.54 paid by the company in December 2017.

Legal reserve

In accordance with article 197 of the Luxembourg company law 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 2018 GBP**	March 2017 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 will be 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. Prior to 1 February 2019, the Company will be entitled to redeem, at its option, all or a portion of the Bonds at a redemption price equal to 100% of the principal amount of the Bonds, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, plus a "make-whole" premium, as described in the Offering Circular. Prior to 1 February 2019, the Company may, at its option, and on one or more occasions, also redeem up to 40% of the original aggregate principal amount of the Bonds with the net proceeds from certain equity offerings.

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 2018 GBP**	March 2017 GBP
Trade creditors					
Suppliers	62,475	–	–	**62,475**	104,083
Suppliers – Invoices not yet received (Note 7.1)	58,394	–	–	**58,394**	1,274,525
	120,869	–	–	**120,869**	1,378,608
Amounts owed to affiliated undertakings					
B&M EVR 2	1,163,957	–	–	**1,163,957**	17,860
Other creditors					
Tax authorities					
Corporate income tax	2,541	–	–	**2,541**	7,453
Net wealth tax	4,220	–	–	**4,220**	591,654
Other taxes	19,168	–	–	**19,168**	6,708
				–	
Social security authorities	–	–	–	**–**	–
Other creditors	60,975	–	–	**60,975**	21,856
	86,904	–	–	**86,904**	627,671
Total				**1,371,730**	2,024,139

Note 7.1 – Suppliers-invoices not yet received balance during the financial year ended 31 March 2018 relates mostly to audit fees accrued.

Notes to the annual accounts continued
for the financial year ended 31 March 2018

Note 8 – Raw materials and consumables and other external expenses

Other external expenses	March 2018 GBP	March 2017 GBP
Transaction costs for bond issuance (Note 7)	**(189,680)**	3,297,077
Advisory and consultancy fees	**27,952**	394,670
Marketing, communication and travel expenses	**213,826**	200,285
Staff recruitment expenses	**71,356**	189,763
Accounting and administrative fees	**235,631**	180,304
Audit fees	**82,172**	87,451
Government regulatory fees	**87,719**	79,230
Stock exchange fees	**95,855**	62,560
Rentals	**49,310**	40,996
Repairs and maintenance	**14,536**	9,505
Others	**312,902**	51,443
Total	**1,001,579**	4,593,284

Note 9 – Staff costs

As at 31 March 2018, the Company employed one part time employee and three full time employees. (2017: one part time and two full time).

Note 10 – Other operating expenses

	March 2018 GBP	March 2017 GBP
Directors fees	**296,356**	245,657
Non-deductible VAT	**254,472**	–
Others	**499**	221
Total	**551,327**	245,878

Note 11 – Income from participating interests

	March 2018 GBP	March 2017 GBP
Derived from affiliated undertakings:		
Dividend income (Note 11.1)	**78,000,000**	99,750,000
Total	**78,000,000**	99,750,000

Note 11.1 – Dividend income relates to dividends distributed by B&M EVR 1.

Note 12 – Other interest receivable and similar income

	March 2018 GBP	March 2017 GBP
Derived from affiliated undertakings (Note 12.1)		
Interest recharge	**10,829,043**	2,760,408
	10,829,043	2,760,408
Other interest and similar income		
Realised foreign exchange gain	**24,439**	279,111
Other income	**8,667**	494
	33,106	279,605
	10,862,149	3,040,013

Note 12.1 – The Company and its affiliates have entered into a Management Services Agreement ("MSA 1"). Included in the provisions of this agreement was the right for the Company to charge or be charged 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 an at least six monthly basis. The German entities are not part of the MSA 1.

Note 13 – Interest payable and similar expenses

	March 2018 GBP	March 2017 GBP
Other interest and similar expenses:		
Interest expense on bonds payable (Note 7)	**10,283,850**	1,718,750
Realised foreign exchange loss	**98,718**	53,025
Total	**10,382,568**	1,771,775

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 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) 11/8/14 (iii) 17/12/15 (iv) 19/8/16
2. The B&M European Value Retail S.A. Long-Term Incentive Plan 2014 (LTIP 2014).
3. The B&M European Value Retail S.A. Long Term Incentive Plan 2015 (LTIP 2015).
4. The B&M European Value Retail S.A. Long Term Incentive Plan 2016 (LTIP 2016).
5. 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) LTIP2017B3

The LTIP 2014 and CSOP scheme starting 11/8/14 were fully exercised in the year and have therefore closed.

The CSOP scheme starting 1/8/2014 was fully exercised except for 11,049 options which are fully vested and eligible for exercise.

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 2017	Number of options granted/(forfeited) in the year	Number of options exercised in the year	Number of options outstanding at 31 March 2018
CSOP (1/8/14)	1 Aug 2014	1 Aug 2017	271.5p	0.83	460,375	(22,098)	(427,228)	11,049
CSOP (11/8/14)	11 Aug 2014	11 Aug 2017	267.0p	0.81	59,920	0	(59,920)	0
CSOP (17/12/15)	17 Dec 2015	17 Dec 2018	286.0p	0.79	10,489	0	0	10,489
CSOP (19/8/16)	19 Aug 2016	19 Aug 2019	276.8p	0.50	21,676	0	0	21,676

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 and LTIP 2017A 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.

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 2017	Number of options granted/(forfeited) in the year	Number of options exercised in the year	Number of options outstanding at 31 March 2018
LTIP 2014	1 Aug 2014	1 Aug 2017	nil	1.34	74,074	0	(74,074)	0
LTIP 2015/EPS	5 Aug 2015	5 Aug 2018	nil	3.41	40,616	0	0	40,616
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	0	0	122,386
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	0	40,610	0	40,610
LTIP 2017A/TSR	7 Aug 2017	7 Aug 2020	nil	2.72	0	40,610	0	40,610
LTIP 2017B1	7 Aug 2017	7 Aug 2020	nil	3.61	0	271,891	0	271,891
LTIP 2017B2	14 Aug 2017	14 Aug 2020	nil	3.60	0	101,654	0	101,654
LTIP 2017B3	23 Jan 2018	23 Jan 2021	nil	4.00	0	19,264	0	19,264

Note 15 – Off balance sheet commitments and contingencies continued

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	0.0%	N/A
CSOP (11/8/14)	2.23%	6.5	N/A	0.0%	N/A
CSOP (17/12/15)	N/A	3	N/A	N/A	362.1
CSOP (19/8/16)	N/A	3	N/A	N/A	326.8
LTIP 2014	1.39%	3	25%	0.0%	N/A
LTIP 2015/EPS	0.92%	5	24%	1.0%	N/A
LTIP 2015/TSR	0.92%	5	24%	1.0%	N/A
LTIP 2016/EPS	0.09%	5	26%	1.7%	N/A
LTIP 2016/TSR	0.09%	5	26%	1.7%	N/A
LTIP 2017A/EPS	0.52%	5	32%	1.4%	N/A
LTIP 2017A/TSR	0.52%	5	32%	1.4%	N/A
LTIP 2017B1	0.25%	3	32%	1.4%	N/A
LTIP 2017B2	0.25%	3	32%	1.4%	N/A
LTIP 2017B3	0.25%	3	32%	1.4%	N/A

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

Release of the share pledge created on 17 June 2014

Pursuant to a release letter dated and effective as of 02 February 2017, Bank of America Merrill Lynch International Limited ("BAMLIL"), acting for itself and as trustee for and on behalf of the Secured Parties has unconditionally and irrevocably released and discharged in full the pledge created under the share pledge agreement dated 17 June 2014, entered into between the Company as Pledgor, BAMLIL acting for itself and as trustee for and on behalf of for the Secured Parties and B&M EVR 1.

New share pledge effective as from 02 February 2017

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 2017 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%. As at 01 April 2017, the quarterly amounts payable have been reviewed.

The contractual emoluments granted to the members of the administrative managerial and supervisory bodies in that capacity are as follows:

	March 2018 GBP	March 2017 GBP
Director fees paid to the non-executive directors of the Group	**297,500**	258,500
	297,500	258,500

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 of the members of those bodies.

Note that the executive directors are remunerated through other Group companies.

Note 17 – Subsequent events

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 authoirised for issue on 29 May 2018 and signed on its behalf by:

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer

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