Decathlon UK Limited

Annual report and financial statements for the year ended 31 December 2019

Registered number: 03140144

Decathlon UK Limited

Annual Report for the year ended 31 December 2019

Page

Directors and Advisors

Directors
Eric Mazillier

Alberto Bottan

Company secretary

Clément Salmon

Company number

03140144

Registered office

Head Office
9 Maritime Street
London
United Kingdom
SE16 7FU

Independent auditor

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Strategic Report for the year ended 31 December 2019

The directors present their Strategic Report for Decathlon UK Limited for the year ended 31 December 2019.

Company structure

Decathlon UK is part of a wider group, controlled by Decathlon SE. Decathlon SE is a 100% shareholder-owned company present in 57 countries, with an annual turnover of €12.35 billion in 2019. A large retailer of sporting goods with over 1500 stores worldwide, Decathlon SE was founded in 1976, with the first UK store opening in 1999. In Decathlon, we follow one philosophy: "sustainably make the pleasure and benefits of sport accessible to the many". We love doing sport, we love interacting with people, we love innovating.

Within the United Kingdom, Decathlon UK deals with the retail and operational side (combining our stores, warehouse and Head Office), while its sister company, Sportstock, deals with the Real Estate part (the purchase, sale and letting of properties).

Business Review

Revenue in the year increased by 10.3% (2018: 14.4%), with the online turnover progressing by 18.2%.

The company's balance sheet position has total liabilities exceeding total assets by ~£3 million (2018: assets exceeding liabilities by £7 million).

Last year in 2018, we invested £9.9 million into relocating our warehouse, increasing our square metres by 24,000 sqm and partially mechanizing our logistics system. We invested to expand our UK warehouse in order to service our growing retail and online presence in the UK. We also transformed and invested in our campus store in Surrey Quays, Central London, increasing our square metres by 5,000 sqm, including our brand new UK Head office.

In 2019, we opened 1 new store in Ealing Broadway - London. In 2020, we are planning to open one store in Aberdeen. In 2021, we are planning to open 4 new UK Decathlon stores with one already confirmed in Leeds.

In the year 2019, we invested £4.3 million in opening costs and assets for our stores and warehouse.

The extent of this investment in stores, operations, digital, staff and staff training, meant that Decathlon UK has made an overall loss for the year 2019 of £7.5 million before taxation (£5.1 million without the IFRS 16 impact) in line with expectations (2018: overall loss of £10.8 million). The level of these investments is justified by the potential of the market, which is considered strategically important by the Decathlon group. Decathlon UK's positive turnover growth in 2020 is also important in justifying its investment and future expansion plans.

Strategic Report for the year ended 31 December 2019 (continued)

Key performance indicators

The company's key financial performance and other indicators during the year were as follows:

	2019	2018	Change
Turnover Growth (exc VAT)	+10.3%	+14.4%	(4.1)%
Turnover Progression for online (exc VAT)	+18.2%	+19.6%	(1.4)%
Gross Margin ratio : Gross margin / Turnover without VAT	32.9%	30.5%	2.4%
Cost ratio : Cost / Turnover without VAT	33.1%	32.3%	0.8%
Efficiency via Productivity: Turnover/ hour	127.3	118.9	8.4
Opening costs and investments	4.3M	22.8M	(18.5)M
Customers	8.55M	7.83M	0.72M
Teammates (Employees - end of year)	1,617	1,606	11
Number of stores	45	44	1
Number of new stores	1	7	(6)
Pleasure at work	88%	83%	5%

Turnover Growth overall has decreased to 10.3% (2018: 14.4%) due to opening of 7 new stores in 2018 vs opening of only 1 store in 2019. Decathlon UK achieved a good performance in the digital business and in comparable stores opened more than 2 years ago. In 2019, we made an additional investment of £4.3 million in the current period in opening new stores, improving or stores and warehouse (2018: £13m additional investment compared to 2017). We are also investing in our digital transformation by focusing on our omnichannel strategy, as this is an area of increasing importance, representing the future of retail business.

Investments in our IT and increasing our advertising costs to boost turnover and brand awareness has increased business activity, generating a better performance. Correct timing on buying EUR with GBP on favourable rates as opposed to market rates was the main driver in positive financial result.

Gross Margin ratio increased in 2019, due to favourable foreign exchange hedging (EUR/GBP) and a consequence of actions taken on Sales Price Discrepancies (dynamic pricing), selling extension of range products. Our till margin also improved because of rounding rules, right offer etc. Typology of products sold also contributed to the margin.

Growth of our staff costs is less than 50% of turnover growth. Revenue growth in 2019 is 10% compared to 4% growth in staff costs. Our number of staff end of year has stayed almost the same; 1,617 in 2019 and 1,606 in 2018. We invested £237,000 (2018: £513,000) in training and training related costs, in order to develop our teammates, as well as offering teammates the opportunity to do sport together regularly for free. Our staff satisfaction survey showed an improvement in the overall happiness of our employees (pleasure at work).

Our productivity measured as turnover/hour improved to reach 127.3 (2018: 118.9).

Introduction of IFRS 16

During the year the Company adopted IFRS 16 which became mandatory on 1 January 2019. The impact of the adoption of this standard is detailed in note 18.

Strategic Report for the year ended 31 December 2019 (continued)

Principal Risks and Uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Risks are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them.

The key business risks affecting the company are set out below:

Competition

The company operates in a highly competitive market particularly around price. Additionally, supermarkets are devoting more floor space to non-food items. To mitigate these risks, stores are encouraged to monitor competitors' developments, strategies, pricing, merchandising and ranges to ensure that the Decathlon offering compares favourably.

Foreign Exchange

Foreign exchange risk arises from the movements in exchange rates having an adverse impact on the Statement of Comprehensive Income. To mitigate against the volatility of fluctuating exchange rates, the company enters into forward contracts, purchasing euros at pre-arranged rates. During 2019, contracted rates have been more favourable compared to actual market rates in the current year as compared to prior year. The average rate achieved in 2019 was €1: £0.8867 compared to £0.8860 in 2018.

Social matters

The company has taken action on its environmental considerations, removing plastic bags from the stores and using raw materials from sustainable sources. The company also organises sport for the local community within many of its stores and works actively with schools and clubs to provide equipment and or instructors.

Modern slavery

The company's modern slavery statement, published in accordance with the Modern Slavery Act 2015, sets out the steps taken by Decathlon to prevent modern slavery and human trafficking in its supply chain. More details can be found at https://www.decathlon.co.uk/modern-slavery-act.html.

Anti-corruption and bribery

The company has policies in place with regards to supplier relationships in order to maintain good ethical practice.

Covid-19

Subsequent to the year end there has been a global pandemic in relation to COVID-19 which has significantly impacted businesses. Governments around the world have introduced measures to limit the spread of the disease which includes the temporary closure or reduction of the operations of certain industries. It is uncertain how long these measures will last. Even if events are uncertain today, the company remains confident about the coming performance.

Management has assessed the viability over a period greater than 12 months. During the assessment, Management has considered Company's position through the cash flow forecast, economic analyses that detail monthly actual-trajectory performance and initiatives that involve cost savings. All these analyses have included the negative impacts of Covid-19 and the prevailing uncertainty on high street trading environment. Management concluded that these assumptions are appropriate.

Management also performed a reverse stress test using worst-case scenarios. Management believes that the results of this sensitivity analysis is appropriate in supporting the Going Concern presumption, along with the support from the parent company.

Strategic Report for the year ended 31 December 2019 (continued)

Brexit

On June 23 2016, the United Kingdom (UK) held a referendum in which voters approved an exit from the European Union (EU), commonly referred to as "Brexit." As a result of the referendum, the British government has begun negotiating the terms of the UK's future relationship with the EU. Although it is unknown what those terms will be, it is possible that there will be increased regulatory and legal complexities, including potentially divergent national laws and regulations between the UK and EU. Even if events are uncertain today, we remain confident on the potential of the market and continue to work to ensure it does not have an impact on our business, with a team in London and in our Headquarters in Lille preparing for any changes ahead in terms of staff, foreign exchange and supply chain.

This report was approved by the board and signed on its behalf by:

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Alberto Bottan
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Alberto Bottan
Date:---- 15-Jul-2020

Directors' Report for the year ended 31 December 2019

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2019.

Matters covered in the Strategic Report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 to 4. These matters relate to the review and analysis of the business, development and financial performance, future prospects and principal risks and uncertainties.

Principal Activities

Decathlon UK Limited operates a chain of stores in the UK involved in the retail and online sales of sportswear, sporting and outdoor equipment.

Dividends

The directors do not recommend the payment of a dividend in respect of the current financial year (2018: £nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

Thibaut Peeters (resigned: 30 August 2019)

Eric Mazillier (appointed: 30 August 2019)

Eric Diot (resigned: 7 January 2019)

Alberto Bottan (appointed: 7 January 2019)

Employees

The company's policy is to communicate with employees on matters likely to affect employees' interests. Information concerning the economic performance of the company is given to store managers, department managers and staff during meetings and through an internal management accounting system.

The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. So far as is practicable, employees who become disabled during the course of their employment, continue in employment with the company. It is company policy to provide all employees who are disabled persons with the same opportunities for training, career development and promotion that are available to other employees, bearing in mind any limitations relating to aptitude and ability.

We have a comprehensive training and development plan per employee via MyProgress, with an investment of £237,000 on trainings in 2019 (2018: £513,000). We also offer our staff the opportunity to take part in free sport activities, as part of team or individual meetings. The staff turnover for the first 4 months of 2020 is on the same trend as in 2019. 20.46% in 2020 compared to 20.5% in 2019.

Directors' view on the impact of COVID-19

Internal assessments of the impact of COVID-19 on the company are continuous and ongoing. The directors do not currently believe it presents any imminent threat to the provision of the company's activities.

Most of the employees were on furlough between March and June 2020. We were able to save significantly thanks to furlough scheme and business tax relief. The acceleration of online sales allowed us to partially reduce the losses incurred due to Covid induced lockdown.

The Covid-19 crisis started to affect the business in the first week of March with dramatic impact on sales, colleagues, and customers. Since then, the business has been managed based on "Covid-19 scenario" reflecting a dramatic reduction in sales. This has been stress tested for downside scenarios and in the event of a longer and deeper lockdown, the company will secure sufficient liquidity.

Directors' Report for the year ended 31 December 2019 (continued)

Substantial cost reduction measures are put in place in addition to subsidies from the UK government in the form of Coronavirus job retention scheme and business tax relief. Non-essential spending has been reduced at all levels. Variable costs that are largely related to sales volume are being managed down. Fixed property-related charges are expected to decline, with service charge reductions, rent costs and other occupancy cost savings. We are still negotiating with landlords on commercial terms on lease contracts.

Events after the reporting period

In early 2020, the existence of COVID-19 was confirmed which has since spread across a significant number of countries leading to disruption to economic activity and global markets. The company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. There have been no material adverse impacts to the company up to the date of approval of the accounts. Given the inherent uncertainties, it is not practical at this time to determine what impact COVID-19 will have on the company or provide a quantitative estimate of any future impact.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including Finance Reporting Standard 101 'Reduced Disclosure Framework'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report for the year ended 31 December 2019 (continued)

Disclosure of Information to Auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Going Concern

The company is part of Decathlon SE Group which is financially strong to confront the unprecedented COVID-19 crisis. The company has access to considerable financial resources through the Decathlon SE group. As a consequence, the directors believe that the company is well placed to manage its business successfully. After enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. In the last 2 years, the company made a loss due to investments made in new stores, a new warehouse, a new head office and flagship store, operations, digital and staff. The company's planned future investment is a mark of Decathlon's commitment to the UK, which is seen by the group as strategically important to its future growth.

This report was approved by the board and signed on its behalf by:

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Alberto Bottan
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Alberto Bottan
Date: xxxx 15-Jul-2020

Independent auditor's report to the members of Decathlon UK Limited

Opinion

We have audited the financial statements of Decathlon UK Limited (the 'company') for the year ended 31 December 2019 which comprise Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on Decathlon UK Limited financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 4, and the consideration in the going concern basis of preparation on page 6 and non- adjusting post balance sheet events on page 5.

Since the balance sheet date, there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

Independent auditor's report to the members of Decathlon UK Limited (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Independent auditor's report to the members of Decathlon UK Limited (continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a bodyfor our audit work, for this report, or for the opinions we have formed.

Signed:

Samantha Russell (Senior Statutory Auditor)
For and on behalf of Mazars LLP, Tower Bridge House, St Katharine's Way, E1W 1DD
Chartered Accountants and Statutory Auditor

16 July 2020

Statement of Profit or Loss for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	3	**236,519**	214,412
Cost of sales		**(159,567)**	(149,078)
Gross profit		**76,952**	65,334
Administrative expenses		**(82,268)**	(75,861)
Operating loss	4	**(5,316)**	(10,527)
Interest payable and similar charges	6	**(2,212)**	(308)
Loss on ordinary activities before taxation		**(7,528)**	(10,835)
Tax credit on loss on ordinary activities	7	**-**	-
Total loss for the year		**(7,528)**[1]	(10,835)

All amounts relate to continuing activities.

[1]Total loss for the year without IFRS 16: (£5.061M) see note 18.

Statement of Changes in Equity for the year ended 31 December 2019

	Share Capital	Retained Earnings	Total
	£'000	£'000	£'000
At 1 January 2018	**24,500**	**(25,707)**	**(1,207)**
Loss for the year	-	(10,835)	(10,835)
Capital Contribution - Prior year Group Relief	-	(1,378)	(1,378)
Capital Contribution - Prior year adjustment	-	(168)	(168)
Capital Increase	20,600	-	20,600
At 31 December 2018	**45,100**	**(38,088)**	**7,012**
Loss for the year	-	(7,528)	(7,528)
Cash flow hedges reserve	-	(2,872)	(2,872)
At 31 December 2019	**45,100**	**(48,488)**	**(3,388)**

Decathlon UK Limited

Registered number 03140144

Statement of Financial Position as at 31 December 2019

	Note	2019	2018
		£'000	£'000
Non-current assets			
Tangible assets	8	34,349	35,173
Right-of-use assets related to leases	18	92,000	-
Guarantee deposits		38	40
		126,387	35,213
Current assets			
Stock	9	22,227	21,237
Debtors	10	4,716	5,885
Cash and cash equivalents		5,262	6,064
		32,205	33,186
Current liabilities			
Creditors: amounts falling due within one year	11	(62,991)	(59,114)
Short-term lease liabilities	18	(16,596)	-
Net current liabilities		**(47,382)**	(25,928)
Total assets less current liabilities		**79,005**	9,285
Non-current liabilities			
Provisions for liabilities	13	(8)	(9)
Long-term liabilities	12	-	(2,264)
Long-term lease liabilities	18	(82,385)	-
Net (liabilities)/ assets		**(3,388)**	7,012
Capital and reserves			
Called up equity share capital	14	45,100	45,100
Retained earnings		(48,488)	(38,088)
Total shareholders' (deficit) / equity		**(3,388)**	7,012

These financial statements were approved by the board of directors and were signed on its behalf by:

DocuSigned by:
Alberto Bottan
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Alberto Bottan
Date: 15-Jul-2020

Notes to the Financial Statements for the year ended 31 December 2019

1 General Information

Decathlon UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 - 4. The address of the Company's registered office is set out on page 1.

The company is a wholly-owned subsidiary of Decathlon SE, a company registered in France, which is also the ultimate parent company.

The group accounts of Decathlon SE have been filed at the registry of the commercial court of Lille Metropole and are available to the public on www.infogreffe.fr or www.societe.com.

2 Accounting policies

2.1 Basis of accounting

The financial statements of Decathlon UK Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements (except for certain disclosure exemptions detailed below) of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

The company's financial statements are presented in Sterling, which is the company's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The financial statements have been prepared on the historical cost basis. The principal accounting policies set out below have been consistently applied to all periods presented.

Going concern

The going concern basis for accounting has been adopted and considered appropriate although net current liabilities have continued to increase as significant liabilities are owed to group undertakings and guarantees have been provided over those liabilities by group parties.

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they have continued to adopt the going concern basis of accounting in preparing the financial statements. The company incurred losses during the year of £7.5 million (£5.1 million without IFRS 16 impact) and was in a net liability position of ~£3m (~£1m without IFRS 16 impact) at the year end. The directors have prepared a cash flow projection to cover a period no less than 12 months from the date of signing the accounts and concludes that the company will be able to meet its liabilities as they fall due for the foreseeable future, and there that it is appropriate to prepare the financial statements under the going concern basis of preparation. In addition, the company has the full support of Decathlon SE (group) for short term funding (if needed) as well.

Management has assessed the viability over a period greater than 12 months. During the assessment, Management has considered Company's position through the cash flow forecast, economic analyses that detail monthly actual-trajectory performance and initiatives that involve cost savings. All these analyses have included the negative impacts of Covid-19 and the prevailing uncertainty on high street trading environment. Management concluded that these assumptions are appropriate.

Management also performed a reverse stress test using worst-case scenarios. Management believes that the results of this sensitivity analysis is appropriate in supporting the Going Concern presumption. Decathlon France receives regular updates on the steps taken and success of initiatives by management to secure liquidity for the likely duration of the crisis and recovery period afterwards.

Notes to the Financial Statements for the year ended 31 December 2019

2 Accounting policies (continued)

2.1 Basis of accounting (continued)

Disclosure exemptions applied

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

(i) The requirement of IFRS 7 'Financial Instruments : Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;

(ii) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;

(iii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;

(iv) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79a, iv), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73e) and the reconciliation of the carrying amount of intangible assets (IAS 18.118e).

(v) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;

(vi) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;

(vii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and

(viii) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the company and other wholly-owned subsidiaries of the group.

(ix) The requirements of the second sentence of paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with customers' relating to the disclosure of revenue recognition.

For the disclosure exemptions listed in points i to iii, the equivalent disclosures are included in the consolidated financial statements of Decathlon SE, which the company is consolidated into.

2 Accounting policies (continued)

2.1 Basis of accounting (continued)

Application of new standards and interpretations mandatory as from 1 January 2019

The Company has adopted IFRS 16 "Lease Contracts" and IFRS 9 "Financial Instruments – Hedge Accounting" from 1 January 2019.

IFRS 16

The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases. However, there are exemptions available for leases with a lease term of 12 months or less and leases where the underlying asset is low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Decathlon UK will follow the group decision of using modified retrospective method (cumulative catch-up method).

The Company has lease agreements in place in respect of retail and office space. Previously, each lease contract was qualified as an operating lease, and accounted for accordingly. On application of IFRS 16, all lease contracts are now recognised as right-of-use assets with an amount recognised in lease liabilities corresponding to the discounted value of future payments. The lease term is defined on a contract-by-contract basis and corresponds to the firm period of the commitment taking into account any optional periods that are reasonably certain to be exercised.

Right-of-use assets and lease liabilities will be presented separately from other assets and liabilities in the balance sheet.

The contractual rents corresponding to low unit value assets or to a short-term lease (less than 12 months) are recognised directly in expenses. In addition, the following practical expedients have been applied to the transition:

- contracts with a residual term of less than 12 months starting from 1 January 2018 are not accounted for as an asset and a debt;
- the discount rates applied as of the transition date are based on the Group's marginal borrowing rate plus a spread to take into account the specific economic environment of each country. These discount rates are determined with respect to the remaining terms of leases from the date of first-time application.

The impact of the adoption of IFRS 16 "Lease Contracts" is detailed in note 18.

Notes to the Financial Statements for the year ended 31 December 2019

2 Accounting policies (continued)

2.1 Basis of accounting (continued)

IFRS 9 – Financial instruments - Hedge accounting

Cash flow hedges are used to hedge the variability in cash flows of highly probable forecast transactions caused by changes in exchange rates. Cash Flow hedge are changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows. The element of the change in fair value which relates to the currency spread is recognised in the cost of hedging reserve, with the remaining change in fair value recognised in the hedging reserve and any ineffective portion is recognised immediately in the income statement in finance costs. If the firm commitment or forecast transaction that is the subject of a cash flow hedge results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income and accumulated in the cash flow hedge reserve are removed directly from equity and included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in the cash flow hedge reserve are recognised in the income statement in the same period in which the hedged items affect net profit or loss.

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

Onerous lease

Loss making stores are assessed annually in line with the company's impairment analysis to determine whether leases are onerous. Provisions are made when it is considered that the unavoidable costs of meeting the lease contracts for these stores will exceed the expected future economic benefits. The balance reflects the net present value of future cash flows over the life of the respective leases.

Store impairment

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Notes to the Financial Statements for the year ended 31 December 2019

2 Accounting policies (continued)

2.3 Significant Accounting Policies

Turnover

As per IFRS 15, turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts and returns. Sales are recognised at the point of sale and are recognised in the Statement of Comprehensive Income. Revenue from gift cards and vouchers is recognised when they are redeemed against a transaction. The origin and destination of turnover is the same and is wholly in the United Kingdom.

The company uses the expected value method to estimate the value of goods returned, applying the average monthly return rate and seasonality to the forecast, resulting in a reduction in turnover of £160,000 and an additional £114,000 stock added to cover returns in December in regards to store sales. Regarding the e-commerce, revenue is now recognised on delivery of the product, reducing the turnover by £147,000 and adding £101,000 in stock (2018: reducing the turnover by £139,000 and adding £100,000 in stock).

Tangible Fixed Assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset in equal annual instalments over its expected useful life, as follows:

Leasehold improvements	- 6.67 – 30 years
Plant and machinery	- 4 – 6 years
Fixtures and fittings	- 6.67 – 20 years
Computer equipment	- 1– 3 years
Office equipment	- 4 – 8 years

Assets in the course of construction are not depreciated. On completion the assets are transferred into the relevant category and depreciated accordingly.

2 Accounting policies (continued)

2.3 Significant Accounting Policies (continued)

Stock

Stock is stated at the lower of cost and net realisable value where the costs are those incurred in bringing each product to its present location and condition.

Finished goods and goods for resale are valued at purchase cost on a first-in, first-out basis, plus associated transport costs.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

A provision for slow moving or obsolete stock is based upon the directors' view of the recoverable value of the individual items included within the stock based on ageing and usage reports.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. As the company has been loss making, no such corporate tax liability has arisen in the current year.

Deferred taxation

Deferred taxation arises when items are recognised for tax purposes in periods that differ from the periods in which they are recognised for accounting purposes. Deferred taxation is recognised as a liability or asset if transactions have occurred at the Statement of Financial Position date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in the future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Notes to the Financial Statements for the year ended 31 December 2019

2 Accounting policies (continued)

2.3 Significant Accounting Policies (continued)

A net deferred tax asset is recognised as recoverable and therefore only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the end of the financial year or at the forward contract rate where applicable. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or at the forward contract rate where applicable. All foreign exchange differences are taken to the Statement of Comprehensive Income in the year in which they arise.

Pension costs

The company makes contributions to a group personal pension plan. It is a group stakeholder plan. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme. The company provides no other post-retirement benefits.

Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument. The financial instruments are netted/presented separately as financial asset and liabilities.

Financial assets

The company classifies its financial assets as trade and other receivables. Classification of financial assets depends on the purpose for which the financial assets are required. The company determines the classification of its financial assets at initial recognition.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost. A provision is established when there is objective evidence that the company will not be able to collect all amounts due. The amount of any provision is recognised in the Statement of Total Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents are recognised as financial assets. They comprise cash held by the company and short term bank deposits with an original maturity date of three months or less.

Financial liabilities

The company classifies its financial liabilities as trade and other payables. Classification of financial liabilities depends on the purpose for which the financial liabilities are required. The company determines the classification of its financial liabilities at initial recognition.

2 Accounting policies (continued)

2.3 Significant Accounting Policies (continued)

Trade payables

Trade payables are initially recognised as financial liabilities measured at fair value, and subsequent to initial recognition measured at amortised cost.

3 Turnover

The company's activities consist of the retail of sportswear and sporting and outdoor equipment entirely within the United Kingdom with turnover for the year arising from this principal activity.

4 Operating Loss

	Note	2019 £'000	2018 £'000
Operating loss is stated after charging/(crediting):			
Depreciation of tangible owned fixed assets	8	**5,228**	4,232
Depreciation of Right-of-use assets	18	**16,008**	-
Impairment (gain)/loss	18	**(28)**	86
Operating lease charges – buildings		**-**	12,224
Auditor's remuneration – audit		**51**	42
Auditor's remuneration – non audit services		**37**	37
Gains on foreign exchange differences		**(222)**	(44)

5 Wages and Salaries

	2019 £'000	2018 £'000
Wages and salaries	**28,956**	27,763
Social security costs	**2,161**	2,078
Other pension costs (Note 16)	**766**	633
Staff Costs	**31,882**	30,474

The average monthly number of persons (including executive directors) employed by the company during the year was:

5 Wages and Salaries (continued)

By activity	2019 Number	2018 Number
Selling and distribution	**1,498**	1,497
Administration	**119**	109
Total	**1,617**	1,606

	2019 £'000	Restated (*) 2018 £'000
Directors' emoluments	**256**	164
Highest paid director	**120**	90

(*) 2018 figures were restated to recognise only what has been paid locally and not by the Group.

6 Interest payable and similar charges

	2019 £'000	2018 £'000
Other interest and similar charges	**2,212**	308
Total	**2,212**	308

The interest payable arises from a long-term loan with Decathlon SE for its current account balance and from guarantee fees with Decathlon SE.

£1,865,000 of these charges are linked to IFRS 16 impact, see note 18.

7 Tax on loss on ordinary activities

	2019 £'000	2018 £'000
UK corporation tax on profits for the period at 19% (2018: 19%)	-	-
Total current tax charge	-	-
Deferred tax (asset) not recognised	**(7,721)**	(4,780)
Reconciliation of tax charge		
Loss on ordinary activities before tax	**(7,528)**	(10,835)
Tax on loss on ordinary activities at standard corporation tax rate of 19% (2018: 19%)	**(1,430)**	(2,059)
Expenses not deductible	**6**	24
Ineligible depreciation	**293**	121
Group relief surrender for no payment	-	416
Deferred tax not recognised	**943**	1,247
Rate difference / balancing items	**188**	251
Tax charge for the period	-	-

The policy the company has adopted is to recognise the group relief between Decathlon UK and Sportstock, but the company does not require the entity receiving the relief to make a payment.

Notes to the Financial Statements for the year ended 31 December 2019

8 Tangible assets

	Leasehold Improvements	Plant and machinery	Fixtures, fittings, computer and office equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2019	37,818	5,083	11,489	626	55,016
Additions	3,363	1,070	1,029	(559)	4,903
Transfers	-	188	(188)	-	-
Disposals	(927)	(214)	(1,588)	-	(2,729)
At 31 December 2019	**40,254**	**6,127**	**10,742**	**67**	**57,190**
Accumulated depreciation					
At 1 January 2019	11,494	1,552	6,797	-	19,843
Charge for the year	3,214	579	1,435	-	5,228
Transfers	-	137	(137)	-	-
Disposals	(584)	(307)	(1,339)	-	(2,230)
At 31 December 2019	**14,124**	**1,961**	**6,756**	**-**	**22,841**
Net book value					
At 31 December 2019	**26,130**	**4,166**	**3,986**	**67**	**34,349**
At 31 December 2018	26,324	3,531	4,692	626	35,173

Disposals were from the normal operations of the company. The assets in course of construction relate to assets for which the construction has not been completed or for which the company has not yet received all invoices.

9 Stock

	2019 £'000	2018 £'000
Finished goods and goods for resale	**22,227**	21,237

There were no inventories written down to fair value less costs to sell and no reversals of any inventory previously written down.

10 Debtors

	2019 £'000	2018 £'000
Trade debtors	**80**	164
Amounts owed by group undertakings	**2,001**	2,338
Other debtors	**862**	548
Other taxes	**394**	25
Prepayments and accrued income	**1,378**	2,810
	4,716	5,885

Amounts owed by group undertakings are unsecured and are repayable on demand.

11 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	**3,244**	3,502
Amounts owed to group undertakings	**48,850**	45,952
Taxation and social security	-	158
Accruals and deferred income	**10,897**	9,502
	62,991	59,114

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.
The Directors consider the carrying amount of trade creditors approximates to their fair value.

Notes to the Financial Statements for the year ended 31 December 2019

12 Creditors: amounts falling due after one year

	2019 £'000	2018 £'000
Long-term liabilities	-	(2,264)

Long term liabilities consists of a landlord contribution in relation to one of the leases. This is being released over the period of the lease.

In 2019, on implementation of IFRS 16, the contribution has been presented after netting off against the right of use assets.

13 Provisions for liabilities

	£'000
At 1 January 2019	9
Provisions made during the year	8
Utilised during the year	(9)
At 31 December 2019	8

The provision relates to defective risk provision, covering the difference between the purchase price of defective products reimbursed by Decathlon brands and the selling price (ie. the margin), with an expectation to pay during 2020.

14 Called up share capital

	2019 £'000	2018 £'000
Authorised		
45,100,000 (2017: 27,600,000) ordinary shares of £1 each	45,100	45,100
Allotted and fully paid		
45,100,000 (2017: 24,500,000) ordinary shares of £1 each	45,100	45,100

During the period of 2018, the company issued 20,600,000 shares at a value of £1 each.

15 Financial commitments

Forward contracts

At 31 December 2019, there were three open contracts, one contract concerning the period October 2019 – February 2020, €97.4 million with a remaining value of €77 million in which €32 million were fair valued (€ 30.5 million 2018) and €44.5 million cash flow hedge and valued as a consequence (MTM value) (€ 42 million 2018). The contract is secure at rate 0.8924 (rate of 0.8807 in 2018). This contract was signed with Group Treasury and covers the Accounts Payable and Accounts Receivable, a transaction in Euro for the period October 2019 - February 2020. The fair value impact of this contract was booked in Profit and loss account.

Other two forward contracts with Decathlon SE, the amount outstanding on which totalled €139.45 million, €81.95 million to cover the period March 2020 – June 2020 secured at a rate of 0.8709 and €57 million - €57.5 million for the period July - September secure rate was not known as of 31 December 2019.

The contract is considered as cash flow hedge and valued in consequence. These contracts were signed to cover the Accounts Payable /Accounts Receivable needs forecasted on those periods. Those contracts were considered as cash flow hedge, valued in consequence (MTM valuation) and booked in equities (OCI).

16 Pension costs

The company makes contributions to a group personal pension plan.

The total contributions paid for the year amounted to £766,000 (2018: £633,000).There were no outstanding or prepaid contributions at 31 December 2019 (2018: £nil).

17 Ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Decathlon SE, which is incorporated in France and is the largest group to consolidate these financial statements. A copy of the ultimate parent's financial statements can be obtained by writing to: 9 Maritime Street, London SE16 7FU, United Kingdom.

18 Impact of restatement due to first time application of IFRS 16

The following tables present the impacts of the application of IFRS 16 on the Company's financial statements at 31 December 2019:

Statement of Financial Position

	2019	IFRS 16 Adjustment	2019 with IFRS 16
	£'000	£'000	£'000
Non-current assets			
Tangible assets	34,349	-	34,349
Right-of-use assets related to leases	-	107,980	107,980
Right-of-use assets depreciation charge, net of impairment release	-	(15,980)	(15,980)
Guarantee deposits	38		38
	34,387	92,000	126,387
Current assets			
Stock	22,227	-	22,227
Debtors	4,716	-	4,716
Cash and cash equivalents	5,262	-	5,262
	32,205	-	32,205
Current liabilities			
Creditors: amounts falling due within one year	(65,770)	2,779	(62,991)
Short-term lease liabilities	-	(16,596)	(16,596)
Net current liabilities	**(33,565)**	(13,817)	(47,382)
Total assets less current liabilities	**822**	78,183	79,005
Non-current liabilities			
Provisions for liabilities	(8)	-	(8)
Long-term liabilities	(1,735)	1,735	-
Long-term lease liabilities	-	(82,385)	(82,385)
Net (liabilities)/ assets	**(921)**	(2,467)	(3,388)
Capital and reserves			
Called up equity share capital	45,100	-	45,100
Retained earnings	(46,021)	(2,467)	(48,488)
Total shareholders' (deficit) / equity	(921)	(2,467)	(3,388)

18 Impact of restatement due to first time application of IFRS 16 (continued)

The impacts of the first application of IFRS 16 on the balance sheet are the following:
- the accounting of the right-of-use assets and lease liabilities;
- the reclassification of recognised assets and liabilities related to existing eligible leases as of 1 January 2019;
- the reclassification of lease incentive benefits in reduction to the right-of-use assets;
- the reclassification of provisions for vacant space provision in reduction of the right-of-use assets;
- the reclassification of rents paid in advance in addition to the right-of-use assets;

Profit and Loss Account / Statement of Total Comprehensive Income

	2019	IFRS 16 impact	2019 with IFRS 16
	£'000	£'000	£'000
Turnover	**236,519**	-	236,519
Cost of sales	**(159,567)**	-	(159,567)
Gross profit	**76,952**	-	76,952
Administrative expenses	**(81,666)**	(602)	(82,268)
Operating loss	**(4,714)**	(602)	(5,316)
Interest payable and similar charges	**(347)**	(1,865)	(2,212)
Loss on ordinary activities before taxation	**(5,061)**	(2,467)	(7,528)
Tax credit on loss on ordinary activities	-	-	-
Total loss for the year	**(5,061)**	(2,467)	(7,528)

Impact on Equity as at 1 January 2019 from the adoption of IFRS 16

	Share Capital	Retained Earnings	Total
	£'000	£'000	£'000
At 31 December 2018	**45,100**	**(38,088)**	**7,012**
Adjustment for Transition to IFRS 16	-	-	-
At 1 January 2019, as adjusted	**45,100**	**(38,088)**	**7,012**

Notes to the Financial Statements for the year ended 31 December 2019

18 Impact of restatement due to first time application of IFRS 16 (continued)

Reconciliation of lease liabilities on the date of transition with the off balance sheet commitments at 31 December 2018

	1/1/2019 **£'000**
Total commitments given until lease expiries 31/12/2018 (Note 19)	**234,457**
Impact of break clauses to be exercised	**(116,173)**
Effect of discounting	**(4,787)**
Other	**(4,456)**
Lease liabilities at 1 January 2019 after first time application of IFRS 16	**109,041**
Short term lease liabilities as of 1/1/2019	**15,593**
Long term lease liabilities as of 1/1/2019	**93,448**
	109,041

Movement of right of use assets (RoU) during the year

	Retail space **£'000**
Cost	
RoU assets as of 31/12/2018	-
First application of IFRS 16 on 1 January 2019	104,354
Impact of changes in lease terms	514
Additions	3,112
Disposals	-
At 31 December 2019	**107,980**
Accumulated depreciation	
On 1 January 2019	-
Charge for the year	(16,008)
Impairment	28
Disposals	-
At 31 December 2019	**(15,980)**
Net right of use asset as of 31/12/2019	**92,000**

Notes to the Financial Statements for the year ended 31 December 2019

19 Operating lease commitments

The company had commitments under non-cancellable operating leases as set out below:

	2019 Land and buildings	2018 Land and buildings
	£'000	£'000
Operating leases commitments due:		
Within one year	-	15,224
Within two to five years	-	69,384
After five years	-	149,849
	-	234,457

Following the adoption of IFRS 16 'Leases' in the current accounting period, future rental commitments are now included on the balance sheet within 'Lease liabilities' due within one year and after more than one year respectively (Note 18).

20 Post balance sheet events

In early 2020, the existence of COVID-19 was confirmed which has since spread across a significant number of countries leading to disruption to economic activity and global markets. The company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. There have been no material adverse impacts to the company up to the date of approval of the accounts. Given the inherent uncertainties, it is not practical at this time to determine what impact COVID-19 will have on the company or provide a quantitative estimate of any future impact.