

Roofoods Ltd

Annual Report and Financial Statements
For the year ended 31 December 2020

Company Number: 08167130



Contents

Company information	1
Strategic report	2
Directors' report	10
Directors' responsibilities statement	14
Independent Auditor's report to the members of Roofoods Ltd	15
Consolidated income statement and statement of comprehensive income for the year ended 31 December 2020	19
Consolidated statement of financial position	20
Company statement of financial position	21
Consolidated statement of changes in equity	22
Company statement of changes in equity	23
Consolidated statement of cash flows	24
Company statement of cash flows	25
Notes to the consolidated and company financial statements	26

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Company information

Directors

Will Shu

Martin Mignot

Seth Pierrepont (appointed 16 March 2020)

Rick Medlock (appointed 1 October 2020)

Claudia Arney (appointed 23 November 2020)

Adam Miller (appointed 15 January 2021)

Simon Wolfson (appointed 18 January 2021)

Independent Auditor

Deloitte LLP, 1 New Street Square, London, EC4A 3HQ

Registered Office

The River Building, Level 1 Cannon Bridge House, 1 Cousin Lane, London, EC4R 3TE

Strategic report

The directors present their Strategic Report for Roofoods Ltd ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2020.

Review of business, operations, financial results and Key Performance Indicators

Roofoods Ltd is the parent company of the Deliveroo Group. The primary business activity of the Group is as a pure-play online food delivery service.

During 2020, our business operations focused on enhancing the food delivery experience for all three sides of our marketplace – our customers, our restaurant partners, and our riders. We believe we offer our customers a superior and exclusive selection of quality food for all occasions, on time and at a reasonable price. We have supported our restaurant partners with demand generation, revenue growth and a growing array of B2B services on our platform, and we provided our riders with a flexible and secure working model.

It was also another year of significant growth for the Group versus 2019. Globally, we added over 60,000 new restaurants to our platform; and increased order volumes by 51%. Gross profit margin also widened to 29.9% up from 24.4% in 2019.

There were also several notable milestones for the Group over the course of the year. In August, we finally announced that the Competitions and Markets Authority (CMA) had cleared Amazon's investment in the Series G round, which enabled completion of the Series G funding round, which raised a total of \$575m. These funds were to be used to fund the business through its loss making "start-up" phase, develop our tech capabilities and improve our customer experience, particularly funding the necessary operational changes caused by COVID-19 and new offerings, such as Table Service. Part of this has been the global expansion of our delivery-only kitchens programme – or Editions – which now consists of close to 250 kitchens across 8 markets and enables restaurants to expand at lower cost and risk while bringing exclusive food delivery options to new areas. This cash also enabled us to extinguish the short-term financing from 2019, which has returned our balance sheet to a strong net assets position.

Immediately post year end, we completed a Series H fundraising round, raising a further £135m, this will enable us to continue to grow our tech team bringing about improved functionality in our app, and develop growing parts of our business, such as our Signature offering (our white label product), and expand our on-demand grocery offering.

We accelerated our regional presence throughout the year, opening in more than 100 locations worldwide, despite the pandemic, including Dunfermline, Falkirk, Menorca, San Remo, Namur, Valence and Thiene.

Clearly the biggest challenge to hit the food industry in 2020 was the COVID-19 pandemic. We saw an impact from February, for several months, with all of our jurisdictions in some way affected. The full-scale closure of a significant proportion of our restaurant estate in the early lockdowns clearly impacted our business and forced us to reassess how we engage with all three sides of our marketplace. We responded quickly, developing innovative services such as Table Service, and making operational changes to keep our riders, restaurants and customers safe. We also worked to support the NHS, and hospital workers in other jurisdictions, delivering over 800,000 free meals to hospital workers in the UK, France, Italy and Spain.

Key Performance Indicators:

Revenue from operations was up 54% to £1,190.8m (2019: up 62% to £771.8m) as a result of the increased demand, the change in ordering behaviour and sales mix brought about by the impact of COVID-19.

Strategic report (continued)

Key Performance Indicators (continued)

Consumers were not able to eat at their favourite restaurants for some time due to local lockdowns, and as such the demand for delivery of restaurant food, as well as groceries, increased. The Group is in a cash-positive position with a cash and cash equivalents balance of £379.1m at the end of 2020 (2019: £229.8m), due to the completion of the Series G fundraising round during the year.

Gross Profit is up from £188.6m in 2019 to £356.3m in 2020, being an increase of almost 90% (2019: increase of 107%). Again, this reflects the impact of COVID-19 on our business, as we saw families ordering larger basket sizes, proportionate to the cost of delivery.

Current trade and other receivables are up £27.1m (41%) and current trade and other payables are up £92.0m (48%). This is a result of the increased trading activity resulting in an increase in prepayments and certain accruals and payables.

Given the continued evolution of the political and legal situation in some of our overseas territories, a further £78.5m has been recognised as an increase to the legal provision, related to potential outflows from regulatory activity that could impact elements of our operating model. Whilst we continue to defend ourselves robustly in such cases, we recognise that there are jurisdictions which may seek to regulate the on-demand economy and as a result we consider the risk to be heightened, such that it has become appropriate to provide.

Adjusted EBITDA (defined below) improved from (£226.9m) in 2019 to (£11.8m) this year. This was principally due to the increase in revenue (discussed above) being offset by higher administrative and operating expenses, which include an increase in depreciation and amortisation as we expanded the business and invested in our customer experience. These investments included the expansion of our Plus subscription programme and the addition of popular restaurant chains, which will drive long-term growth.

Adjusted EBITDA is a key performance measure used to assess the operating performance of the business. Adjusted EBITDA excludes the costs that are not derived from the core operations of the business and which do not facilitate comparisons in performance due to the nature of the expenses. Adjusted EBITDA is defined as net income (loss), adjusted to exclude legal and regulatory settlements and provisions, share based payments charge and accrued national insurance on share options, income taxes, finance income and expense, depreciation, amortisation and exceptional items as disclosed in note 10.

Reconciliation of adjusted EBITDA	2020	2019
	£m	£m
Operating loss	(221.1)	(319.9)
Depreciation	17.3	16.6
Amortisation	17.8	12.7
EBITDA	(186.0)	(290.6)
Share based payments charge and accrued national insurance on share options	74.7	31.0
Legal and regulatory settlements and provisions	79.9	27.3
Exceptional items	19.6	5.4
Adjusted EBITDA	(11.8)	(226.9)

Strategic report (continued)

Future developments

The world has changed substantially since the end of 2019, with the outbreak of COVID-19 significantly altering both our own company and the wider food delivery sector over the course of 2020.

COVID-19 is expected to be a challenge for the foreseeable future, and we remain committed to building on the operating changes we have made to ensure that we can continue to support new and existing restaurant partners, enabling the adaptation to the future of the food industry.

After the launch of our on-demand grocery service in 2020, we expect steady growth in this area. We are already working with some of the major brands, including Waitrose, Aldi, Morrisons, Co-Op and Carrefour, and plan to build on this.

We also intend to grow our Signature offering – being our White label product. We have already rolled this out with a small number of restaurant partners and will build on this for restaurants who want an additional delivery offering.

As restaurants have found safe ways to reopen, they have been relying more on delivery services, with thousands joining our platform for the first time given that delivery is now a vital revenue stream. We now offer 'Table Service'; an in-app tool that enables restaurant partners to re-open safely for dine-in business (where this is possible) and take orders from consumers, offered at 0% commission to support them during a difficult period.

We expect the situation to remain fluid in many of our jurisdictions with local lockdowns forecasted to continue over the following year at least, as vaccination programmes expand to protect entire populations sufficiently to allow countries, and therefore businesses to properly open for business. Until then, we anticipate that demand for delivery services will remain high.

Delivery-only kitchens are today a growing global trend, and with delivery expected to play a much bigger role in every partner's strategy, they are increasingly a core consideration for every restaurant's strategy to drive better delivery operations and growth. With unparalleled global experience, we are uniquely positioned to scale this concept, and we expect demand for our Editions kitchens to grow as they give restaurants an outlet for organic growth, and we will continue to invest in this area and drive Editions forward.

Looking ahead, we expect some of our key developments to include:

- An increase in the number of restaurant partners we work with and increased choice for consumers;
- Expansion of our Editions programme across all of our markets;
- Development and extension of tech-led solutions – such as our white label service – for our restaurant partners;
- Large-scale, high-impact marketing campaigns.

Strategic report (continued)

Principal risks and uncertainties facing the business

The directors assess the risks and uncertainties facing the business on a regular basis with principal risks identified as follows:

- New competitors are entering the market and there is increased activity from existing competitors.
 - The Group continues to ensure it offers the best customer proposition, driving lower prices for customers and generating higher demand for restaurant partners. We focus on those geographies where we think we can meet our desired aim of being number one or two in the market.
- Changes to regulation, or legislation, in particular, in relation to employment status or tax legislation posing specific challenges to companies within the gig economy.
 - We monitor all cases through local courts that are relevant to the status of our riders and consider the implications for our business. This includes cases in similar sectors where the self-employed model is relevant. We are constantly evaluating our rider model vs local legislation and requirements and are in continual dialogue with relevant local political and employee representatives. We share information about our model, as appropriate, and believe that through a transparent dialogue with appropriate authorities and organisations the risk of challenge to our rider models is mitigated.
 - The independent contractor status of riders, which applies in most of the jurisdictions in which we operate, has been and is likely to continue to be the subject of challenge in certain markets, including some of our key markets. Consistent with other operators in the on-demand economy, we have been and are involved in legal proceedings, including individual and collective legal claims and investigations, audits or claims by labour, social security, pension and/or tax authorities, under which the independent contractor status of our riders is questioned.
 - We believe and continue to assert that riders are (and have been in the periods under scrutiny) independent contractors (other than in jurisdictions where the independent contractor model is unavailable), and have defended our model successfully in several markets. We may not however, be successful in defending this position in all cases. Litigation in this area of law is highly fact specific, and therefore our historical success in defending the model in certain markets is no guarantee that we will be successful in defending it in the future. Judicial or governmental decisions to retroactively reclassify riders could result in potential liability over our failure to comply with relevant employment and taxation requirements which in turn could adversely affect our financial condition as well as our reputation and could increase the chances of similar litigation or investigations being commenced against us either in that market or elsewhere. The costs associated with defending, settling or resolving pending and future litigation or governmental agency investigations related to the independent contractor status of riders could be material to our business and, regardless of outcome, negatively affect our reputation.
- The Group is dependent on technology in order to operate in the market, and requires continual investment in technological innovation to constantly improve our service offering.
 - The Group has a highly skilled engineering team working on innovative and world-class technology to give customers a great experience.

Strategic report (continued)

Principal risks and uncertainties facing the business (continued)

- As the Group is currently loss-making, there is a risk that execution of its strategy could be inhibited by insufficient cash being available.
 - The Company is supported by an engaged investor pool and cash flow is carefully monitored and managed by the directors.
 - The directors consider the Group and Company to be a going concern (see note 3) due to the available cash holdings which are considered by the Board to be adequate to allow the Group and Company to continue in operational existence for the foreseeable future.
- The ability of the Group to generate future profits
 - The directors consider the Group and Company to be a going concern (see note 3), however, the Company might not be able to achieve a steady-state of profitability at an Adjusted EBITDA level in the longer term. If we fail to achieve long-term profitability, we may be required to raise debt or equity funding at the time of any such shortfall between our revenue and expenses.
- The impact of a further wave of COVID-19 or similar global pandemic
 - Whilst most countries are starting to recover from the global COVID-19 pandemic, there are jurisdictions experiencing further periods of lockdown. The safety of our employees, riders, customers and restaurant workers remains paramount. We have made appropriate changes to our operations to protect our people and partners, including closing offices and facilitating home working, the provision of personal protective equipment to riders, implementing a “contactless” delivery mode and launching the Table Service app.
 - The restaurant sector has seen a huge impact from lockdown and enforced social distancing. Sadly, a high number of restaurants have been forced out of business and many restaurants have had to transform at very short notice into take away establishments in order to survive.
 - Our riders worked throughout the pandemic and we will continue to make sure that they are able to work safely, with, for example, free personal protective equipment and financial support to those who were unable to work.
 - As an agile and fast-moving business, Deliveroo will continue to adapt to the situation and make meaningful changes to our business at short notice in order to mitigate against negative impacts from the crisis, ensuring we can operate safely and in the interests of employees, riders, restaurants and consumers.
 - Mitigating the impact of such an unprecedented event was a challenge for Deliveroo, as it was for most businesses, and there will be a long-lasting impact on our business and that of our partners. The social landscape is significantly different, and the culture of eating out will likely not revert to the way it was pre-COVID-19 for some time. We have however, been able to quickly adapt to the challenges of COVID-19 and help our partners find ways to continue to operate during this time. We have also been quick to develop solutions such as the contact free delivery and table service app.

Strategic report (continued)

Principal risks and uncertainties facing the business (continued)

- The impact of a further wave of COVID-19 or similar global pandemic (continued)
 - The ongoing impact to our business may result in fewer restaurant partners and changes to people's habits that could change the pattern of our income. Increased operating costs are likely through the provision of personal protective equipment to riders, signage and other equipment to restaurants, increased workplace sickness levels and the provision of equipment to employees working outside of the office.
 - Risk mitigation actions taken by the business include closing offices, providing personal protective equipment to staff and riders, development of technology to enable the Group and our restaurants to continue to trade in new ways, risk assessments to keep employees safe, and continuity plans for outsourced services which were shut down at short notice.
 - From a cash perspective, we are adopting a prudent stance in relation to our liquid resources. The Board has implemented strict cost and cash flow management measures to ensure we protect the Group's financial position during this time.
 - Looking ahead, there will be a period of increased reliance on delivery by restaurants and accelerated consumer adoption of delivery services, with delivery services playing an increasingly important social and economic role. We will continue to respond dynamically and innovatively to the changeable environment this pandemic has created.
- The Group's susceptibility to cyber security risks
 - As an online service, our platform is vulnerable to attacks, such as malicious software, break-ins, phishing attacks, and attempts to create fraudulent transactions as well as attacks and disruptions from unauthorised use of our technology. Third parties may attempt to access our technology systems or lead to unauthorised disclosure of personal data or confidential information.
 - Bad actors may target our consumers, partners, or riders by interfering with our ability to connect with our users or with attempts to breach the security of their email accounts or management systems, such as through phishing attacks. Bad actors may also use other schemes aimed at defrauding our consumers, partners, riders and employees in other ways we may not be able to anticipate.
- The impact of Brexit
 - On 31 January 2020, the UK exited from the European Union, followed by 11 month long planned transition plan. A UK - EU trade plan was agreed, which came into effect on 1 January 2021. However there is still a great deal of uncertainty and potential volatility remains, which could manifest in several risk areas for our business.
 - Currency risk - Brexit could have a significant impact on the sterling FX rate. This could make imports (including rider and restaurant kit) more expensive if the rate significantly depreciates. However, as much of our cash is in currencies other than sterling this could advantageously impact the value in our statement of financial position of such assets.

Strategic report (continued)

Principal risks and uncertainties facing the business (continued)

- The impact of Brexit (continued)
 - Interest risk - Increased inflation or interest rates could depress consumer spending and result in lower returns on our cash and liquid assets. We believe, however, that the food delivery industry is resilient and that the impact on businesses in the sector may be less than in other industries. Conversely however, it could result in lower interest rates on our lease portfolio which could have a positive impact on our spending.
 - Labour risk - There is a risk to the UK related to immigration resulting in skills shortages and/or available staff. Roofoods Ltd has a culturally diverse workforce in the UK, and therefore there is a risk that if it became difficult for EU nationals to get visas to work in the UK, our workforce could be affected. Furthermore, the availability of riders could be a concern. If this became an issue for the Company, we would need to consider our marketing efforts to attract riders.
 - International data transfer risk - Our ability to rely on the EU data protection framework for data flows from the EU towards the UK without impediment will stop at the end of the transition period. The post-Brexit impact in this area is dependent on the negotiations between the UK government and Brussels to secure an "adequacy agreement". While a successful negotiation of this agreement is likely, recent court cases demonstrate there remains great uncertainty on the suitable data transfers mechanisms from the EU towards the UK and the UK (and EU) towards the US.

Section 172 statement

Under Section 172 of the Companies Act 2006, directors have a duty to promote the success of the company for the benefit of its members as a whole. In doing so, directors should have regard to the matters set out in section 172(1)(a) – (f) in the Companies Act 2006, which are as follows:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the company.

In addition to the above, the directors have regard to other factors considered relevant to the decision being made, for example the interest and interests of our marketplace of riders, restaurants and consumers.

In discharging their duty, the directors have regard for all of these matters, taking them into consideration in decision-making processes. Examples of the result of this consideration include the following:

- In response to the global COVID-19 pandemic, we have made appropriate changes to our operations to protect our people and partners, including closing offices and facilitating home working, the provision of personal protective equipment to riders, implementing a "contactless" delivery mode and launching the Table Service app.

Strategic report (continued)


Section 172 statement (continued)

- Having listened to our employees about how important it was to prioritise employee mental health, we encouraged the use of an “Employee Assistance Programme” and other tools to actively take measures to protect and enhance employees’ mental health at a time when the impact of COVID-19, and in particular home working can be detrimental for some.
- Our support for local communities by delivering hundreds of thousands of meals to NHS workers in the UK, as well as to healthcare workers and other good causes in markets worldwide
- For both new and existing restaurant partners, we responded to the COVID-19 pandemic by introducing a range of proactive measures to allow them to continue to trade during lockdown. This included:
 - a reduction in onboarding fees;
 - the introduction of a rapid payments systems to assist liquidity;
 - greater investment in marketing;
 - successful advocacy for government support of the hospitality sector; and
 - the provision of regular and timely guidance on how best to respond to a changing regulatory environment.
- For riders, we heard how important it was to ensure that they could make deliveries safely, so we invested in and provided free personal protective equipment to ensure that they were able to continue to work safely and play a vital role in supporting those forced to stay at home. We also moved fast to set up a ‘Rider Support Fund’ to assist riders who experienced symptoms of COVID-19 or were diagnosed with the virus and told to self-isolate by a medical authority.
- We have offset our carbon emissions from deliveries in 10 countries of operation during 2020, continuing our work on conservation, which is something we are very committed to, also working on actively reducing waste on deliveries, beach clean-up operations and other, hyper-local activities.
- Our board is composed of individuals who are widely engaged in regulatory matters, which will inform their perspective when making decisions in their role as Board members. On specific matters, Members have worked alongside members of the executive to engage with regulatory stakeholders on matters impacting the company..

There is also discussion on employee consultation in the Director’s report. More generally, there are regular communications with employees in all jurisdictions with “Town Hall” meetings and messages across a range of internal communication tools. The Directors report also sets out our approach to energy and carbon reporting.

Deliveroo is focused on improving the experience for consumers to increase use of the platform across more meal occasions; having the best proposition for riders, offering them the flexible work they value and the security they deserve; and continuing to provide new tools to help restaurants to grow.

The Strategic report was approved on behalf of the Board on 8 March 2021 and signed on its behalf by:

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Adam Miller
Chief Financial Officer
8 March 2021

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Directors' report

The directors of Roofoods Ltd present their Annual Report together with the audited consolidated financial statements for the year ended 31 December 2020.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements unless otherwise stated were:

Will Shu
Martin Mignot
Benjamin Peretz (resigned 4 March 2021)
Antoine Froger (resigned 4 March 2021)
Adam Valkin (resigned 4 March 2021)
Darrell Cavens (resigned 4 March 2021)
Luciana Lixandru (resigned 16 March 2020)
Dr Douglas Gurr (resigned 25 September 2020)
Seth Pierrepont (appointed 16 March 2020)
Jayant Mittal (appointed 25 September 2020 and resigned 4 March 2021)
Rick Medlock (appointed 1 October 2020)
Claudia Arney (appointed 23 November 2020)
Adam Miller (appointed 15 January 2021)
Simon Wolfson (appointed 18 January 2021)

Principal activities

The principal activity of entities within the Group and the Company was the provision of an on-demand food delivery service. There have been no significant changes in the nature of these activities during the year.

Roofoods Ltd is a limited company and is incorporated and domiciled in the United Kingdom.

Going concern

The Group's loss for the financial year amounted to £226.4m (2019: £317.3m). The Group had net assets of £175.1m (2019: net liabilities of £30.4m) at year end, and cash of £379.1m (2019: £229.8m).

In order to assess the going concern basis of preparation, management has prepared a forecast which covers a period in excess of 12 months from the date of signing the accounts, extending to the end of 2022.

Appropriate sensitivities have been applied to the forecasts, including consideration of the impacts of COVID-19 on the business, in respect of order growth and profitability, in case such circumstances should reoccur. Should we be subjected to local lockdowns management has a reasonable expectation that the business would be able to continue to trade as it is now with no changes having taken actions to ensure operations are safe for riders, restaurants and consumers.

The sensitivity analysis showed that there was no reasonably possible scenario which would result in the business being unable to meet its obligations as they fall due in the foreseeable future and accordingly, the Directors have adopted the going concern basis of preparation.

Directors' report (continued)

Employment of disabled persons

The Group's policy is to provide disabled persons, including those who become disabled during their employment, with employment opportunities equal to those of other employees and to enable disabled persons to train for and attain any position in the Group, having regard to the maintenance of a safe working environment.

Regular employee consultation

Management regularly consults with employees and provides them with information on matters of concern to them as employees. The consultation process supports employees' collective understanding of the financial and economic factors that affect the performance of the Company. Employees are also encouraged to participate in certain decision-making processes. Management also incentivises employee involvement in the Company's performance through the award of share options to some employees.

Directors' indemnities

To the extent permitted by law, directors have been granted a qualifying third-party indemnity by the Group in respect of liabilities incurred in connection with their office, which is in force at the date of approval of the financial statements. In addition, the Group maintained a directors' and officers' liability insurance policy throughout the year. Neither the indemnity nor the Group's insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

Dividends

The directors do not recommend the payment of a dividend (2019: £nil).

Research and development

Expenditure on the research phase of projects to develop new customised software for our App is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets. During the year, development costs of £20.5m have been capitalised (2019: £19.7m).

UK Streamlined energy and carbon reporting (SECR)

In line with UK government Streamlined Energy and Carbon Reporting (SECR) legislation, we have calculated total operational energy and associated GHG emissions across the Company's UK portfolio for the financial year ended 31 December 2020.

Methodology

To comply with SECR, the Company has reported on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Emissions have been calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors have been taken from the UK Department of Business, Energy and Industrial Strategy (greenhouse gas reporting: conversion factors for 2020). The boundaries of GHG inventory were defined using the operational control approach – therefore covering all emissions for which the Company was responsible for during the year.

Directors' report (continued)

UK Streamlined energy and carbon reporting (SECR) (continued)

Our reporting scope includes energy associated with activities undertaken by the Company only. Energy and associated emissions reported in the following tables include electricity and natural gas utilised at operational sites. No other emissions sources were identified as applicable for the Company's operations.

In this year's report, more than 80% of total energy is based on verifiable data. The remaining ~20% has been estimated using CIBSE Guide F (2012) benchmarks and direct comparison from Phase II ESOS reports (FY2018 data). The Company will look to continually improve its data collection processes going forward to improve data availability and accuracy.

The primary metrics that the Company uses for normalisation of inter-office and annual comparison are revenue (£m) and number of orders. These have been applied for emissions comparison also, as detailed below.

UK Annual energy and Carbon

In 2020, the Company's total UK Scope 1 & 2 emissions was calculated at 733 tCO₂e. Emissions breakdown is summarised in the tables below:

Year	Scope 1	Scope 2	Total
	tCO ₂ e emissions		
FY2020	546	187	733

Scope 2 emissions have been calculated using a location-based methodology only – using UK average grid factors. The Company has not calculated any Scope 3 emissions for the purposes of this report. Total operational energy used to calculate emissions is also summarised below:

Scope 1	Natural Gas	
	MWh	tCO ₂ e
FY2020	2,971	546

Scope 2	Electricity (location)	
	MWh	tCO ₂ e
FY2020	802	187

Total	Scope 1	Scope 2	Total
	MWh consumption		
FY2020	2,971	802	3,773

Intensity ratio	tCO ₂ e / 100,000 orders	tCO ₂ e / £m revenue
FY20	0.4106	0.6158

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Directors' report (continued)

UK Streamlined energy and carbon reporting (SECR) (continued)

Energy efficiency measures

In 2019, we conducted energy efficiency audits across our UK operations, in line with the Energy Savings Opportunities Scheme (ESOS) requirements. As a result of these audits, a total of 106 MWh energy savings were identified across various projects. We are currently reviewing the following recommendations for implementation during the year ended 31 December 2021:

- Upgrading fan controls at one of our locations;
- Production of an energy and environmental management policy, to be endorsed by the Board and issued to all employees;
- Running building energy awareness campaigns; and
- Setting up a monitoring and targeting system, to include sub-metering.

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Future developments

Future developments are disclosed in the strategic report.


Financial risk management objectives and policies

Details of financial risk management objectives and policies are set out in note 26 to the financial statements.

Events arising since the end of the reporting period

Refer to note 30 for matters or circumstances that have arisen since the end of the year.

Approved on behalf of the Board and signed on its behalf by:

DocuSigned by:

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Adam Miller
Chief Financial Officer
8 March 2021
Company Number: 08167130

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs 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
- make an assessment of the Company's ability to continue as a going concern.

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.

Responsibility statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Independent Auditor's report to the members of Roofoods Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Roofoods Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement and statement of comprehensive income;
- the consolidated and parent company statements of financial position
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements;
- the statement of accounting policies; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's report to the members of Roofoods Ltd (continued)

Report on the audit of the financial statements (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's report to the members of Roofoods Ltd (continued)

Report on the audit of the financial statements (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and relevant pensions and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included laws and regulations relevant to the gig economy in each of the markets in which the Group operates as explained below.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations to be those relevant to the gig economy, that is the assessment of the employment status of people who provide delivery services for the Group and any potential legal and tax provisions (including VAT) related to social security liabilities. To respond to this matter, we evaluated historical legal provisions, made enquiries of the Group's internal counsel and external legal advisors and worked with employment taxes specialists to assess management's judgements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Independent Auditor's report to the members of Roofoods Ltd (continued)

Report on the audit of the financial statements (continued)

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

M. R. Lee-Amies

Mark Lee-Amies (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
London, United Kingdom
8 March 2021

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Consolidated income statement and statement of comprehensive income for the year ended 31 December 2020

	Note	2020	2019
		£m	£m
Revenue	5	1,190.8	771.8
Cost of sales		(834.5)	(583.2)
Gross profit		356.3	188.6
Other operating income		4.0	0.4
Administrative expenses	6	(568.9)	(502.2)
Other operating expenses	6	(12.5)	(6.7)
Operating loss	6	(221.1)	(319.9)
Finance income	7	0.9	4.1
Finance costs	8	(5.3)	(1.9)
Loss before income tax		(225.5)	(317.7)
Income tax (charge)/credit	9	(0.9)	0.4
Loss for the year attributable to owners of the Company		(226.4)	(317.3)

		2020	2019
		£	£
Loss per share			
- Basic	11	(33.58)	(51.45)
- Diluted	11	(33.58)	(51.45)

		2020	2019
		£m	£m
Other comprehensive loss			
Loss for the year		(226.4)	(317.3)
<i>Items that may be reclassified subsequently to the statement of comprehensive income:</i>			
Currency translation		3.3	(0.8)
Other comprehensive income/(loss) for the year		3.3	(0.8)
Total comprehensive loss for the year		(223.1)	(318.1)

All activities derive from continuing operations. This statement should be read in conjunction with the notes to the consolidated financial statements on pages 26 to 75.

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

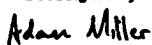
Consolidated statement of financial position

As at 31 December 2020

	Note	2020	2019
		£m	£m
Non-current assets			
Property, plant and equipment	12	22.9	25.8
Intangible assets	13	41.9	39.2
Right-of-use assets	14	30.2	40.1
Trade and other receivables	15	14.4	12.5
Deferred tax asset	16	19.5	12.4
Total non-current assets		128.9	130.0
Current assets			
Trade and other receivables	15	92.5	65.4
Cash and cash equivalents	17	379.1	229.8
Inventory	18	8.2	9.6
Total current assets		479.8	304.8
Total assets		608.7	434.8
Current liabilities			
Trade and other payables	19	(285.3)	(193.3)
Other liabilities	20	(7.3)	(207.1)
Total current liabilities		(292.6)	(400.4)
Non-current liabilities			
Provisions	21	(112.3)	(32.4)
Lease liabilities	14	(28.7)	(32.4)
Total non-current liabilities		(141.0)	(64.8)
Total liabilities		(433.6)	(465.2)
Net assets/(liabilities)		175.1	(30.4)
Equity			
Share capital	22	-	-
Share premium		1,160.6	784.5
Share option reserve	23	153.3	100.8
Accumulated losses		(1,135.7)	(909.3)
Foreign currency translation reserve		(3.1)	(6.4)
Total equity/(deficit)		175.1	(30.4)

This statement should be read in conjunction with the notes to the consolidated financial statements on pages 26 to 75.

The financial statements on pages 19 to 75 were approved and authorised for issue on behalf of the Board of Directors on 8 March 2021 and were signed on its behalf by:

DocuSigned by:

 3A33ABFD93BA468...
 Adam Miller
 Chief Financial Officer

Rooffoods Ltd Financial Statements
For the year ended 31 December 2020

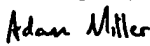
Company statement of financial position

As at 31 December 2020

	Note	2020	2019
		£m	£m
Non-current assets			
Investments in subsidiaries	27	185.9	124.2
Property, plant and equipment	12	7.3	8.6
Intangible assets	13	41.2	38.5
Right-of-use assets	14	19.5	27.0
Trade and other receivables	15	5.1	4.8
Total non-current assets		259.0	203.1
Current assets			
Trade and other receivables	15	99.0	84.0
Cash and cash equivalents	17	312.3	179.2
Inventory	18	5.2	4.5
Total current assets		416.5	267.7
Total assets		675.5	470.8
Current liabilities			
Trade and other payables	19	(359.9)	(213.8)
Other liabilities	20	(3.6)	(201.8)
Total current liabilities		(363.5)	(415.6)
Non-current liabilities			
Provisions	21	(69.9)	(0.9)
Lease liabilities	14	(20.4)	(23.2)
Total non-current liabilities		(90.3)	(24.1)
Total liabilities		(453.8)	(439.7)
Net assets		221.7	31.1
Equity			
Share capital	22	-	-
Share premium		1,160.6	784.5
Share option reserve	23	147.6	99.3
Accumulated losses		(1,086.5)	(852.7)
Total equity		221.7	31.1

This statement should be read in conjunction with the notes to the consolidated financial statements on pages 26 to 75.

The Company reported a loss for the financial year ended 31 December 2020 of £233.8m (2019: £347.8m). The financial statements on page 19 to 75 were approved and authorised for issue on behalf of the Board of Directors on 8 March 2021 and were signed on its behalf by:

DocuSigned by:

 3A33A8FD93BA468...
 Adam Miller
 Chief Financial Officer

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Consolidated statement of changes in equity

For the year ended 31 December 2020

	Note	Share capital	Share premium	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total
		£m	£m	£m	£m	£m	£m
At 1 January 2019		-	705.0	77.4	(5.6)	(592.0)	184.8
Loss for the year		-	-	-	-	(317.3)	(317.3)
Other comprehensive loss for the year		-	-	-	(0.8)	-	(0.8)
Total comprehensive loss for the year		-	-	-	(0.8)	(317.3)	(318.1)
Employee share-based payment awards	23	-	-	21.9	-	-	21.9
Deferred tax		-	-	1.5	-	-	1.5
Issue of share capital	22	-	79.5	-	-	-	79.5
At 31 December 2019		-	784.5	100.8	(8.4)	(909.3)	(30.4)
Loss for the year		-	-	-	-	(226.4)	(226.4)
Other comprehensive income for the year		-	-	-	3.3	-	3.3
Total comprehensive income/(loss) for the year		-	-	-	3.3	(226.4)	(223.1)
Employee share-based payment awards	23	-	-	48.3	-	-	48.3
Deferred tax		-	-	4.2	-	-	4.2
Issue of share capital	22	-	376.1	-	-	-	376.1
At 31 December 2020		-	1,160.6	153.3	(3.1)	(1,135.7)	175.1

This statement should be read in conjunction with the notes to the consolidated financial statements on pages 26 to 75.

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Company statement of changes in equity

For the year ended 31 December 2020

	Note	Share capital	Share premium	Share option reserve	Accumulated losses	Total
		£m	£m	£m	£m	£m
At 1 January 2019		-	705.0	77.4	(504.9)	277.5
Loss for the year		-	-	-	(347.8)	(347.8)
Total comprehensive loss for the year		-	-	-	(347.8)	(347.8)
Employee share-based payment awards	23	-	-	21.9	-	21.9
Issue of share capital	22	-	79.5	-	-	79.5
At 31 December 2019		-	784.5	99.3	(852.7)	31.1
Loss for the year		-	-	-	(233.8)	(233.8)
Total comprehensive loss for the year		-	-	-	(233.8)	(233.8)
Employee share-based payment awards	23	-	-	48.3	-	48.3
Issue of share capital	22	-	376.1	-	-	376.1
At 31 December 2020		-	1,160.6	147.6	(1,086.5)	221.7

This statement should be read in conjunction with the notes to the consolidated financial statements on pages 26 to 75.

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Consolidated statement of cash flows

For the year ended 31 December 2020

		2020	2019
		£m	£m
Cash flows from operating activities			
Net cash generated from operating activities	24	7.4	(198.6)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(5.8)	(5.0)
Acquisition of intangible assets	13	(20.5)	(21.4)
Interest received		0.9	3.7
Net cash used in investing activities		(25.4)	(22.7)
Cash flows from financing activities			
Net proceeds from issue of share capital	22	178.0	77.6
Proceeds on issuance of short-term finance	20	-	198.2
Payments of lease liabilities	14	(9.7)	(8.2)
Interest on lease liabilities		(1.2)	(1.3)
Net cash from financing activities		167.1	266.3
Net increase in cash and cash equivalents		149.1	45.0
Cash and cash equivalents at the beginning of the year		229.8	184.6
Effect of foreign exchange rate changes		0.2	0.2
Cash and cash equivalents at the end of the year	17	379.1	229.8

This statement should be read in conjunction with the notes to the consolidated financial statements on pages 26 to 75.

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Company statement of cash flows

For the year ended 31 December 2020

		2020	2019
		£m	£m
Cash flows from operating activities			
Net cash used in operating activities	24	(10.2)	(214.0)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(1.5)	(1.5)
Acquisition of intangible assets	13	(20.5)	(20.6)
Investments in subsidiaries		-	-
Interest received		0.9	3.7
Net cash used in investing activities		(21.1)	(18.4)
Cash flows from financing activities			
Net proceeds from issue of share capital	22	178.0	77.6
Proceeds on issuance of short-term finance	20	-	198.2
Payments of lease liabilities	14	(3.6)	(3.8)
Interest on lease liabilities		(0.8)	(0.9)
Net cash from financing activities		173.8	271.1
Net increase in cash and cash equivalents		142.3	38.7
Cash and cash equivalents at the beginning of the year		179.2	136.7
Effect of foreign exchange rate changes		(9.2)	3.8
Cash and cash equivalents at the end of the year		312.3	178.2

This statement should be read in conjunction with the notes to the consolidated financial statements on pages 26 to 75.

Non-cash transactions

During the year, Deliveroo Australia Pty Ltd issued 110,000,000 new ordinary shares to the Company (the sole shareholder) for consideration of AUD \$110,000,000, being the amount of the outstanding loan between Deliveroo Australia Pty Ltd and the Company.

Notes to the consolidated and company financial statements

1 General information

Roofoods Ltd ('the Company') is a private company limited by shares incorporated in the UK and registered in England and Wales. The Company is the ultimate parent entity of the Roofoods Group ('the Group').

The address of the registered office is The River Building, Level 1 Cannon Bridge House, 1 Cousin Lane, London, EC4R 3TE.

2 Application of new and revised International Financial Reporting Standards ("IFRS")

New and amended IFRS Standards that are effective for the current period

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standard which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32.

Amendments to IFRS 3 Definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

Notes to the consolidated and company financial statements (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

New and amended IFRS Standards that are effective for the current period (continued)

Amendments to IFRS 3 Definition of a business (continued)

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2022.

Amendments to IAS 1 and IAS 8 Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts	Effective for an annual period that begins on or after 1 January 2023
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date deferred indefinitely, to a date to be determined by the IASB
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	Effective for an annual period that begins on or after 1 January 2023
Amendments to IFRS 3	Reference to the Conceptual Framework	Effective for an annual period that begins on or after 1 January 2023
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use	Effective for an annual period that begins on or after 1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Effective for an annual period that begins on or after 1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	Effective for an annual period that begins on or after 1 January 2022

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods. The directors expect to apply these standards from the effective date.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented for the Company.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all years presented.

Basis of consolidation

The consolidated financial statements of the Company incorporate the financial statements of the Company and entities controlled by the Company made up to 31 December each year. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group is present in the UK, Ireland, The Netherlands, Australia, Spain, Hong Kong, Singapore, France, Belgium, Italy, The United States of America, Kuwait and the UAE. Legal entities have been incorporated in each of the countries noted.

Going concern

The Group's loss for the financial year amounted to £226.4m (2019: £317.3m). The Group had net assets of £175.1m (2019: net liabilities of £30.4m) at year end, and cash of £379.1m (2019: £229.8m).

In order to assess the going concern basis of preparation, management has prepared a forecast which covers a period in excess of 12 months from the date of signing the accounts, extending to the end of 2022.

Appropriate sensitivities have been applied to the forecasts, including consideration of the impacts of COVID-19 on the business, in respect of order growth and profitability, in case such circumstances should reoccur. Should we be subjected to local lockdowns management has a reasonable expectation that the business would be able to continue to trade as it is now with no changes having taken actions to ensure operations are safe for riders, restaurants and consumers.

The sensitivity analysis showed that there was no reasonably possible scenario which would result in the business being unable to meet its obligations as they fall due in the foreseeable future and accordingly, the Directors have adopted the going concern basis of preparation.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Great British Pounds ("GBP"), which is the functional currency of the Company.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Foreign currency translation (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group entity, using the exchange rates prevailing at the dates of the transactions (spot rates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised through profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into GBP upon consolidation. The functional currency of the entities within the Group has remained unchanged during the reporting period.

On consolidation, monetary assets and liabilities have been translated into GBP at the closing rate as at the reporting date. Income and expenses have been translated into GBP at average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity.

Revenue

Revenue arises from commissions, user fees, restaurant sign-up fees and packaging sales. Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods and services provided in the normal course of business, net of discounts, rebates, refunds, VAT and other sales-related taxes. The Group recognises revenue when it transfers control over a good or service to a customer.

Commissions

The Group is considered to be an agent with respect to the food and beverage ordered on the platform, as it is not subject to inventory risk or pricing risk, but instead receives a commission as remuneration from restaurants. Payment for the food and beverage is collected by the Group from the end user, and funds are remitted to the restaurant, net of the commission fee.

Revenue from commissions is earned and recognised at the point of order fulfilment when all performance obligations are fulfilled.

User fees

Users pay a fee, either for each order or on a subscription basis if they sign up for Deliveroo Plus. Fees payable on an order-by-order basis are recognised at the point of order fulfilment, being performance obligation fulfilment. Subscription fees are recognised on a straight-line basis over the period of the subscription. In situations where customers are dissatisfied with the quality of the service provided, and the Group is at fault, customers may be offered a refund or credit for future orders.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Revenue (continued)

User fees (continued)

Due to the nature of the service, refunds are typically processed and recorded almost immediately as a deduction to revenue.

Credit for future orders is added to a customer's account, and this is applied to the next order. A corresponding adjustment to revenue is recognised for the expected utilisation of credits in issue at the end of the financial year. This is based on actual data in respect of available credit, as well as historical usage patterns.

Restaurant sign-up fees

Sign-up fees are payable when a new restaurant joins Deliveroo. Fees comprise set-up on the platform and payment for restaurant equipment, enabling partner restaurants to receive orders. These fees are split, and the portion that relates to the restaurant equipment is recognised on receipt of the assets. The remainder is deferred and recognised over the assumed life of the customer. Certain partners receive rebates, and revenue is adjusted by the expected rebates which are realised on a case-by-case basis.

Packaging sales

Revenue from the sale of packaging is recognised when the packaging has been delivered, and performance obligations are fulfilled.

Cost of sales

Expenses are recognised as cost of sales in the period in which they are incurred, on an accruals basis. The largest element of cost of sales is the cost of delivery from restaurants to customers.

Other operating income and other operating costs

Other operating income and costs are recognised in the period in which they are incurred, on an accruals basis. The largest element of other operating income and costs relates to the sale, and related cost, of equipment and clothing provided to riders.

Administrative expenses

Expenses are recognised in the income statement in the period in which they are incurred, on an accruals basis. The two largest elements of administrative expenses are staff costs and sales and marketing costs.

Finance income and expense

Interest income and expense is reported on an accruals basis using the effective interest method.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Government grants

Government grants are recognised in the income statement in the period in which they have been earned. These grants are recognised when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received.

Grants for the reimbursement of administrative expenses are deducted from the related category of costs in the income statement. Where grants do not relate to reimbursement of costs, they are recognised as other income. Once a government grant is recognised, any related deferred income is treated in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

The Group benefited from £1.3m of furlough support from the UK Government during the year ended 31 December 2020."

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is considered necessary or helpful to the reader of the accounts for a better understanding of the financial performance of the Group. They are items of income or expense that are qualitatively or quantitatively material and are significant or unusual in nature or amount.

Exceptional items mainly comprise incremental costs attributable to the COVID-19 pandemic, costs related to the closure of parts of the business and costs related to the preparation for an Initial Public Offering.

Income taxes

Any tax expense or credit recognised in the income statement is based on the results for the period as adjusted for items which are disallowed or not taxed. It is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is calculated using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not recognised if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Income taxes (continued)

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

Intangible assets

Initial recognition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. For internally-developed customised software, expenditure on the research phase of projects to develop new software for IT and telecommunication systems is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to, and has sufficient resources to, complete the project;
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Development costs have been capitalised in accordance with IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss.

Subsequent measurement

All intangible assets, including internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. The useful life applied for all software is three years. Amortisation of intangible assets is recorded within 'administrative expenses' in the consolidated income statement.

Subsequent expenditure on maintenance of computer software is expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset. This is recognised within 'administrative expenses' in the consolidated income statement.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Goodwill

Goodwill is not amortised but is instead reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount, then the impairment loss is allocated first to reduce the carrying amount of goodwill, and then to the other assets of the cash-generating unit pro rata on a basis of the carrying amount of each asset in the unit.

Property, plant and equipment

Property, plant and equipment consists of leasehold improvements, driver and restaurant equipment, IT and office equipment and assets under construction.

Property, plant and equipment is initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is subsequently measured at cost less subsequent accumulated depreciation and impairment losses. Assets under construction are not depreciated as they are not yet in use. Once construction is completed, the assets are transferred to the relevant fixed asset category.

Depreciation is recognised on a straight-line basis to write down cost to estimated residual value. The following useful lives are applied:

- Leasehold improvements: the shorter of the lease term or 10 years
- Driver and restaurant equipment: 2-5 years
- IT and office equipment: 3 years

Material residual value estimates and estimates of useful life are updated as required and reviewed at least annually. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised through profit or loss.

Inventory

Inventory has been valued using the first-in-first-out (FIFO) method. Inventory is stated at the lower of cost and net realisable value (NRV). Cost includes expenditure on bringing inventories to their current location and condition. NRV represents the estimated selling price less all estimated costs of completion.

An inventory provision is recognised in situations where NRV is likely to be less than cost. When calculating the provision, management considers the nature and condition of the inventory together with any other conditions existing at the end of the reporting period.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables include amounts due from corporate customers and payment service providers for services provided in the normal course of business, prepaid amounts, deposits, amounts due from related parties and other amounts due from third parties. They are recognised as current assets if collection is due in one year or less. If collection is due in over a year, they are presented as non-current assets.

A provision for impairment of trade receivables is recognised when there is a risk of non-recovery. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

Trade and other payables

Trade and other payables include obligations to pay for goods and services acquired in the normal course of business, amounts outstanding on purchases and other amounts due to third parties, including restaurants. They are recognised as current liabilities if payment is due in one year or less. If payment is due in over a year, they are presented as non-current liabilities.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Either the timing or the amount of the outflow will be uncertain.

Provisions are measured at the estimated cost required to settle the present obligation, based on the most reliable evidence available at the reporting date, including risks and uncertainties associated with the present obligation.

Provisions are discounted where the time value of money is considered to be material. No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no disclosure is included.

Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs directly attributable to the issuing of new shares are deducted from share capital, net of any related income tax benefits.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Equity and reserves (continued)

Other components of equity include the following:

- Share premium – comprises the difference between the value of the shares on issue and their nominal value;
- Share options reserve – comprises equity-settled share-based remuneration;
- Foreign currency translation reserve – comprises foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into Sterling;
- Accumulated losses – comprises all current and prior period retained losses.

All transactions with owners of the parent are recorded separately within equity.

Capital management

The Group's capital structure consists solely of equity (2019: solely equity and short-term finance). The equity represents funds raised from shareholders. The primary objective of the Group's management of equity is to ensure that it is able to finance the Group's activities, both now and in the future. To maintain an appropriate capital structure in order to meet this objective, the Group may issue further shares to investors, make use of external financing as required or adjust its dividend policy.

Details of capital held can be seen in the consolidated statement of financial position, and in note 22. The Group is not subject to any externally imposed capital requirements.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its under borrowing rate. The incremental borrowing rate is determined by reference to financing quotes available to the Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying right-of-use asset. If a lease transfers ownership of the underlying right-of-use asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying right-of-use asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as required.

The Group used the practical expedient as a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement, as permitted by IFRS 16.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Employee benefits

Short-term employee benefits

Short-term employee benefits are those that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries and non-monetary benefits. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Long-term employee benefits

The Group operates defined contribution pension plans. Contributions to the plans are charged to the consolidated income statement in the period in which they relate. Any contributions unpaid at the balance sheet date are included as an accrual at that date. 2020: £0.8m of accrued contributions, (2019: £0.2m).

Share-based payments

The Group operates an equity-settled share-based remuneration plan for its employees. This plan does not feature any options for a cash settlement.

All share-based remuneration is recognised as an expense in profit or loss with a corresponding credit to the share option reserve. The expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Vesting conditions may have market or non-market based criteria and are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital and share premium.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less cumulative impairment losses.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners and equity issued by the Group in exchange for control.

At the acquisition date, the identifiable assets and liabilities assumed are recognised at their fair value, except for deferred tax assets or liabilities which are recognised in accordance with IAS 12 Income Taxes.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the consideration transferred over the net of the fair value of identifiable assets and liabilities.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration.

Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed at the acquisition date. Any subsequent changes in the fair value of contingent consideration will be reported through profit and loss.

Financial instruments

The Group performed analysis for financial instruments under the scope of IFRS 9 'Financial Instruments' and concluded that the assessment of the requirements of IFRS 9 did not have a significant impact to the Group. The following policies are applicable post 1st January 2018, the effective date of IFRS 9.

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

Financial assets

Financial assets within the scope of IFRS 9 are classified as loans and receivables, or other assets depending on the nature of the item.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Financial assets (continued)

Trade and other receivables

Trade and other receivables include amounts due from corporate customers and payment service providers for services provided in the normal course of business, prepaid amounts, deposits, amounts due from related parties and other amounts due from third parties. They are recognised as current assets if collection is due in one year or less. If collection is due in over a year, they are presented as non-current assets.

Impairment of financial assets

In accordance with IFRS 9 the simplified approach to measuring expected credit losses (ECL), which permits the use of lifetime ECL on trade and other receivables, has been applied.

Loss allowance for trade receivables due from corporate customers has been measured at an amount equal to lifetime ECL. All impairment losses in the accounts arise from contracts with customers. This is recorded within 'administrative expenses' in the income statement. The ECL is estimated by reference to past default experience of these debtors. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The expected credit losses on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Financial liabilities and equity (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Trade and other payables

The trade and other payables are considered to be short-term, non interest-bearing and have no security attached. The carrying value of trade and other payables is considered to be a reasonable approximation of fair value.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in the income statement to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability and is included in the 'finance income' line item (note 7) in the income statement.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in the income statement.

Fair value is determined in the manner described in the relevant accounting policy for each financial instrument.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Financial liabilities (continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'finance income' line item in income statement note 7 for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the income statement for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

Significant accounting judgements and estimates

When preparing the financial statements, management has made a number of estimates and assumptions regarding the future and has made some significant judgements in applying the Group's accounting policies. Accounting estimates are reviewed on an ongoing basis, and revisions to such estimates are recognised in the current and future periods as applicable.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Provisions and contingent liabilities

The independent contractor status of riders, which applies in most of the jurisdictions in which we operate, has been and is likely to continue to be the subject of challenge in certain markets, including some of our key markets. We have been and are involved in legal proceedings, under which the independent contractor status of our riders is under review. The recognition of legal provisions (note 21) and associated contingent liabilities (note 29) arising from such matters involves management estimates of the present value of the potential costs required to settle obligations. Provisions are calculated based on the information available at the time of signing these accounts. Key inputs to the calculations of such provisions, which include the likelihood of receiving claims, the scope of those claims and the likelihood of making payments could materially change the measurement of a provision or contingent liability, as well as an assessment of the time value of money and the risks specific to each potential obligation. In rare circumstances, where there are too many variables, the directors may conclude it is not possible to estimate a contingent liability and disclose the fact. It is expected that the resolutions to these matters may extend over several years.

Notes to the consolidated and company financial statements (continued)

3 Summary of accounting policies (continued)

Significant accounting judgements and estimates (continued)

Share based payments

The Company has issued awards which vest contingently based upon an exit event, either an initial public offering (IPO), a share sale or an asset sale and on achieving a target price. The key estimates associated with the recognition of a share based payment charge is the timing of a qualifying exit event and the related share price on exit. It is considered probable an exit event will occur during the next financial year at a price equal to, or in excess of the target price. As such a corresponding share based payment charge has been recognised in the income statement. A change in the estimate of the exit date, or exit price, could materially increase or decrease the value of the share based payment charge.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately above), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provisions and contingent liabilities

The recognition of a provision requires judgement as to the likelihood of economic outflow. Where the Group has a possible obligation as a result of a past event, it will disclose a contingent liability. Changes to circumstances or the assessed likelihood of success may result in a contingent liability becoming a provision, or the remeasurement of a provision, and such judgements are reviewed in accordance with the recognition criteria set out in IAS 37 Provisions, Contingent Liabilities and Contingent Assets, on a regular basis. See notes 21 and 29 for detail of the amounts provided and disclosed as a contingent liability.

Share based payments

To determine the fair value of share-based payments, management principally uses the Black Scholes model or an alternative option pricing model. Determining the appropriate assumptions as inputs to an option pricing model is a matter of judgement. Assumptions are based on observable data as far as possible, but this is not always available, in which case management uses the best information available. See note 23 for further detail on the assumptions used. Changes to certain of these assumptions, principally the share price used, could materially change the share-based payments charge. However, the share price used at each measurement date is based on the most recent transaction value or a more up to date valuation point, and thus considered to be the most appropriate assumption.

Share Price

Certain financial liabilities were valued with reference to the Series G share price. With the relevant valuation period covering the first part of the year, which was impacted by the CMA investigation and the initial impact of COVID-19, the best estimate of the series G share price at the measurement date was the share price as at the most recent valuation event, being the Series G fundraising in May 2019. A different estimate of the share price, could have led to a material gain or loss as a result.

Notes to the consolidated and company financial statements (continued)

4 Segment information

Information reported to the Group's Chief Executive (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance focuses on a geographical split of the Group between 'UK and Ireland' and 'International' (being overseas jurisdictions other than UK and Ireland). These geographical segments comprise both the operating and reportable segments under IFRS 8.

The CODM primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA, see below) to assess the performance of the operating segments.

The segments primarily generate revenue through the operation of an on-demand food delivery platform.

In addition, two other headings, not relating to reportable operating segments, have been included in order to reconcile revenue and adjusted EBITDA. "Eliminations" consists of costs arising from intra-group transactions and "Other" primarily represents head office and group services.

Finance income and costs are not allocated to segments as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The following is an analysis of the Group's revenue and results by reportable segment:

2020	Note	UK and Ireland	International	Segments total	Eliminations	Other	Total
		£m	£m	£m	£m	£m	£m
Revenue External		599.0	591.8	1,190.8	-	-	1,190.8
Total Revenue	5	599.0	591.8	1,190.8	-	-	1,190.8
Cost of sales		(381.8)	(452.7)	(834.5)	-	-	(834.5)
Other operating income		0.4	0.6	1.0	-	-	1.0
Administrative expenses	6	(131.0)	(125.0)	(256.0)	-	(100.6)	(356.6)
Other operating expenses	6	(6.1)	(6.4)	(12.5)	-	-	(12.5)
Adjusted EBITDA		80.5	8.3	88.8	-	(100.6)	(11.8)
Share based payments charge and accrued national insurance on share options		(63.7)	(10.0)	(73.7)	-	(1.0)	(74.7)
Market support fee		(45.9)	44.6	(1.3)	-	1.3	-
Legal and regulatory settlements and provisions		-	-	-	-	(79.9)	(79.9)
Exceptional income	10	-	3.0	3.0	-	-	3.0
Exceptional costs	10	(3.1)	(1.0)	(4.1)	-	(18.5)	(22.6)
Depreciation and Amortisation	6	-	-	-	-	-	(35.1)
Finance income	7	-	-	-	-	-	0.9
Finance costs	8	-	-	-	-	-	(5.3)
Loss before income tax							(225.5)

Notes to the consolidated and company financial statements (continued)

4 Segment information (continued)

2019	Note	UK and Ireland	International	Segments total	Eliminations	Other	Total
		£m	£m	£m	£m	£m	£m
Revenue External		362.7	409.1	771.8	-	-	771.8
Total Revenue	5	362.7	409.1	771.8	-	-	771.8
Cost of sales		(241.5)	(343.3)	(584.8)	1.6	-	(583.2)
Other operating income		0.3	0.1	0.4	-	-	0.4
Administrative expenses	6	(203.0)	(151.3)	(354.3)	43.4	(98.3)	(409.2)
Other operating expenses	6	(4.6)	(2.3)	(6.9)	0.2	-	(6.7)
Segment Adjusted EBITDA		(86.1)	(87.7)	(173.8)	45.2	(98.3)	(226.9)
Share based payments charge and accrued national insurance on share options		(28.5)	(2.5)	(31.0)	-	-	(31.0)
Market support fee		(111.2)	110.8	(0.4)	-	0.4	-
Legal and regulatory settlements and provisions		-	-	-	-	(27.3)	(27.3)
Exceptional items	10	-	(3.6)	(3.6)	-	(1.8)	(5.4)
Depreciation and Amortisation	6	-	-	-	-	-	(29.3)
Finance income	7	-	-	-	-	-	4.1
Finance costs	8	-	-	-	-	-	(1.9)
Loss before income tax		-	-	-	-	-	(317.7)

No single customer contributed 10 per cent or more to the Group's revenue in either 2020 or 2019.
Revenues presented by reporting segment are in respect of transactions with external customers only.

The measurement of assets and liabilities by reportable segment is not included in this note disclosure as this information is not regularly reviewed by the CODM for decision making purposes.

Geographical information

The Group's non-current assets, excluding financial instruments, deferred tax assets and other financial assets, split by geographical location are detailed below:

	2020	2019
	Non-current assets	
	£m	£m
UK and Ireland	79.9	86.9
Rest of the World	15.1	18.2
	95.0	105.1

Notes to the consolidated and company financial statements (continued)

5 Revenue

The Group's revenue is analysed as follows:

	2020	2019
	£m	£m
UK & Ireland	599.0	362.7
Rest of the World	591.8	409.1
Total revenue	1,190.8	771.8

	2020	2019
	£m	£m
Point in time	1,152.9	743.9
Over time	37.9	27.9
Total revenue	1,190.8	771.8

The Company's revenue is analysed as follows:

	2020	2019
	£m	£m
Point in time	537.9	323.6
Over time	21.4	15.8
Total revenue	559.3	339.4

Contract balances are immaterial to the Group or Company and so no disclosure is provided. There have been no significant changes to the contract balances in the current financial year.

6 Operating loss

Operating loss is stated after charging/(crediting):

	2020	2019
	£m	£m
Depreciation of plant, property and equipment (see note 12)	8.1	8.3
Depreciation of right-of-use assets (see note 14)	9.2	8.3
Amortisation (see note 13)	17.8	12.7
Increase in provisions	79.9	26.9
Research and development costs	16.0	13.3
(Profit)/loss on disposal of property, plant and equipment	0.5	0.5
Auditor's remuneration (see note 25)	2.3	1.0
Amounts charged under operating lease rentals	-	-
Sales and marketing costs	134.9	160.5
Staff costs	204.5	153.5
Exceptional items (see note 10)	19.6	5.4

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Notes to the consolidated and company financial statements (continued)

7 Finance income

	2020	2019
	£m	£m
Bank interest received	0.9	3.7
Unrealised foreign exchange gains	-	0.4
Total finance income	0.9	4.1

8 Finance cost

	2020	2019
	£m	£m
Interest expense on short term finance	(0.6)	0.6
Interest expense on lease liabilities	1.2	1.3
Unrealised foreign exchange losses	4.7	-
Total finance cost	5.3	1.9

9 Income tax expense

	2020	2019
	£m	£m
Current tax charge/(credit) relating to prior year adjustment	1.4	(0.4)
Current tax charge for the year	2.4	0.7
Deferred tax (credit) relating to the current year	(2.0)	(1.1)
Deferred tax charge/(credit) relating to prior year adjustment	(0.9)	0.4
Total	0.9	(0.4)

None of the tax credit for the year relates to exceptional items.

The standard rate of corporation tax applied to reported loss in the UK is 19.0% (2019: 19.0%). Taxation for other jurisdictions is calculated at the prevailing rates in the respective jurisdictions.

Notes to the consolidated and company financial statements (continued)

9 Income tax expense (continued)

The reconciliation between the tax expense and the product of accounting profit multiplied by the domestic tax rate for the years ended 31 December 2020 and 2019 is as follows:

	2020	2019
	£m	£m
Loss before income tax	(225.5)	(317.7)
Loss before tax multiplied by the tax rate of 18.28% (2019: 18.28%)	(41.2)	(58.1)
Adjustments for non-deductible expenses:		
Losses not recognised	23.8	52.9
Recognition of tax losses – deferred tax	(4.5)	(1.9)
Non-deductible expenses	18.9	1.2
Tax credit received	(1.5)	(0.8)
Movement in other unrecognised temporary differences	4.3	5.8
Adjustment in respect of prior years	0.6	-
Effect of changes in tax rates	(0.1)	(0.1)
Other taxes	0.6	0.6
Total	0.9	(0.4)

In the UK, a corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will impact the Company's future current tax charge accordingly.

The Group operates across a number of different jurisdictions, which results in various cross-border transactions arising between Group companies. In line with OECD guidelines, the Group bases its transfer pricing policy on the "arm's length principle". In certain situations, different tax authorities may seek to attribute further profit to activities being undertaken in their jurisdiction which could lead to double taxation.

10 Exceptional items

The following have been recognised as exceptional items where there is separately identifiable income and expenditure arising from activities or events outside the normal course of business, and are deemed material to the understanding of the accounts. Exceptional items includes redundancy costs, Coronavirus relief grants; which relate to government grants received as a consequence of the impact of COVID-19 on the food industry, and COVID-19 related costs primarily relate to the purchase of personal protective equipment for riders. Proposed M&A and other project costs and legal and professional fees in relation to a regulatory investigation and preparation for an Initial Public Offering have also been deemed exceptional and are split out below.

Notes to the consolidated and company financial statements (continued)

10 Exceptional items (continued)

	2020	2019
	£m	£m
Coronavirus relief grants	(3.0)	-
Coronavirus related costs	4.0	-
Redundancy costs	6.6	-
Legal and Regulatory fees	3.0	1.8
Proposed M&A and other project costs	3.2	-
Market closure costs	-	3.6
Initial public offering related costs	5.8	-
Total exceptional items	19.6	5.4

No exceptional items were disclosed last year (due to immateriality), however, disclosure has been included this year in order to provide comparative detail on similar items disclosed as exceptional under our accounting policy in 2020.

11 Loss per share

The calculation of the basic and diluted loss per share is based on the following data. All losses are from continuing operations.

Loss	2020	2019
	£m	£m
Loss for the year	(226.4)	(317.3)

Number of shares	2020	2019
	No.	No.
Weighted average number of ordinary shares outstanding	6,741,937	6,166,967

	2020	2019
	£	£
Loss per share		
- Basic	(33.58)	(51.45)
- Diluted	(33.58)	(51.45)

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted loss per share. These options could potentially dilute basic earnings per share in the future

Number of shares	2020	2019
	No.	No.
Equity-settled share-based payment schemes	515,054	364,554
Total	515,054	364,554

Notes to the consolidated and company financial statements (continued)

12 Property, plant and equipment

Group	Leasehold improvements	Driver and restaurant equipment	IT and office equipment	Assets under construction	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2019	21.5	17.1	7.5	2.8	48.9
Additions	2.2	1.3	1.5	-	5.0
Disposals	(0.2)	(7.3)	(2.1)	(0.5)	(10.1)
Transfers between categories	-	0.4	-	(0.4)	-
Currency translation	(0.2)	(0.3)	0.1	-	(0.4)
At 31 December 2019	23.3	11.2	7.0	1.9	43.4
Additions	0.2	1.9	1.0	2.7	5.8
Disposals	(0.1)	(0.6)	-	(0.2)	(0.9)
Transfers between categories	1.6	0.7	-	(2.3)	-
At 31 December 2020	25.0	13.2	8.0	2.1	48.3
Accumulated depreciation					
At 1 January 2019	(3.3)	(11.7)	(3.9)	-	(18.9)
Depreciation charge for the year	(4.2)	(1.8)	(2.3)	-	(8.3)
Disposals	0.2	7.3	2.1	-	9.6
Currency translation	-	-	-	-	-
At 31 December 2019	(7.3)	(6.2)	(4.1)	-	(17.6)
Depreciation charge for the year	(4.3)	(1.8)	(2.0)	-	(8.1)
Disposals	-	0.4	-	-	0.4
Currency translation	-	(0.1)	-	-	(0.1)
At 31 December 2020	(11.8)	(7.7)	(6.1)	-	(25.4)
Net book value					
At 31 December 2020	13.4	5.5	1.9	2.1	22.9
At 31 December 2019	16.0	5.0	2.9	1.9	25.8

Roofoods Ltd Financial Statements
For the year ended 31 December 2020

Notes to the consolidated and company financial statements (continued)

12 Property, plant and equipment (continued)

Company	Leasehold improvements	Driver and restaurant equipment	IT and office equipment	Assets under construction	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2019	7.8	6.8	6.4	-	21.0
Additions	-	-	1.5	-	1.5
Disposals	-	(6.5)	(2.1)	-	(8.6)
At 31 December 2019	7.8	0.3	5.8	-	13.9
Additions	-	-	0.9	0.6	1.5
Disposals	-	-	-	(0.1)	(0.1)
Transfers between categories	-	-	-	-	-
At 31 December 2020	7.8	0.3	6.7	0.5	15.3
Accumulated depreciation					
At 1 January 2019	(1.3)	(6.3)	(3.2)	-	(10.8)
Depreciation charge for the year	(0.8)	(0.3)	(2.0)	-	(3.1)
Disposals	-	6.5	2.1	-	8.6
At 31 December 2019	(2.1)	(0.1)	(3.1)	-	(5.3)
Depreciation charge for the year	(0.8)	(0.1)	(1.8)	-	(2.7)
Disposals	-	-	-	-	-
At 31 December 2020	(2.9)	(0.2)	(4.9)	-	(8.0)
Net book value					
At 31 December 2020	4.9	0.1	1.8	0.5	7.3
At 31 December 2019	5.7	0.2	2.7	-	8.6

Notes to the consolidated and company financial statements (continued)

13 Intangible assets

Group	Goodwill	Capitalised development expenditure	Acquired software	Total
	£m	£m	£m	£m
Cost				
At 1 January 2019	4.2	29.8	9.3	43.3
Additions	0.7	19.7	1.0	21.4
Disposals	-	-	(0.5)	(0.5)
At 31 December 2019	4.9	49.5	9.8	64.2
Additions	-	20.5	-	20.5
At 31 December 2020	4.9	70.0	9.8	84.7
Accumulated amortisation				
At 1 January 2019	-	(11.3)	(1.4)	(12.7)
Amortisation charge for the year	-	(11.6)	(1.1)	(12.7)
Disposals	-	-	0.4	0.4
At 31 December 2019	-	(22.9)	(2.1)	(25.0)
Amortisation charge for the year	-	(16.5)	(1.3)	(17.8)
At 31 December 2020	-	(39.4)	(3.4)	(42.8)
Net book value				
At 31 December 2020	4.9	30.6	6.4	41.9
At 31 December 2019	4.9	26.6	7.7	39.2

Company	Goodwill	Capitalised development expenditure	Acquired software	Total
	£m	£m	£m	£m
Cost				
At 1 January 2019	4.2	29.9	9.3	43.4
Additions	-	19.6	1.0	20.6
Disposals	-	-	(0.5)	(0.5)
At 31 December 2019	4.2	49.5	9.8	63.5
Additions	-	20.5	-	20.5
At 31 December 2020	4.2	70.0	9.8	84.0
Accumulated amortisation				
At 1 January 2019	-	(11.4)	(1.4)	(12.8)
Amortisation charge for the year	-	(11.5)	(1.1)	(12.6)
Disposals	-	-	0.4	0.4
At 31 December 2019	-	(22.9)	(2.1)	(25.0)
Amortisation charge for the year	-	(16.5)	(1.3)	(17.8)
At 31 December 2020	-	(39.4)	(3.4)	(42.8)
Net book value				
At 31 December 2020	4.2	30.6	6.4	41.2
At 31 December 2019	4.2	26.6	7.7	38.5

Notes to the consolidated and company financial statements (continued)

13 Intangible assets (continued)

Pursuant to IAS 38.118(a) the amortisation period for development costs incurred in respect of the Group and Company's capitalised development expenditure is 3 years.

Goodwill was recognised on the acquisition of assets from Omakase Inc. It has been allocated to the cash-generating unit 'Roofoods Ltd'. The recoverable amount of the group of CGUs is determined from value in use calculations. The key assumptions in these calculations comprise discount rates, growth rates, pricing fluctuations and changes to direct costs. These assumptions are consistent with available external information sources. Discount rates are estimated using pre-tax rates that reflect current market assessments of the time value of money. The discount rate used was 12.5%. A terminal growth rate of 3% was used to extrapolate cash flow beyond the forecast period.

For the purpose of a goodwill impairment review, management prepares cash flow forecasts for a period of five years. Thereafter a growth rate is applied that does not exceed the long-term average growth rate for the industry and geography. There is no reasonably possible change in any key assumptions that would cause the carrying amount to exceed the recoverable amount.

14 Leases

Right of use assets

Group	Buildings	Equipment	Total
	£m	£m	£m
Cost			
At 1 January 2019	-	-	-
Impact of the adoption of IFRS 16	41.6	1.5	43.1
Additions	5.3	-	5.3
At 31 December 2019	46.9	1.5	48.4
Additions	4.8	0.1	4.9
Disposals	(6.1)	-	(6.1)
Currency translation	0.1	-	0.1
At 31 December 2020	45.7	1.6	47.3
Accumulated depreciation			
At 1 January 2019	-	-	-
Depreciation charge for the year	(7.7)	(0.6)	(8.3)
At 31 December 2019	(7.7)	(0.6)	(8.3)
Depreciation charge for the year	(8.8)	(0.4)	(9.2)
Disposals	0.4	-	0.4
Currency translation	-	-	-
At 31 December 2020	(16.1)	(1.0)	(17.1)
Carrying amount			
At 31 December 2020	29.6	0.6	30.2
At 31 December 2019	39.2	0.9	40.1

Rooffoods Ltd Financial Statements
For the year ended 31 December 2020

Notes to the consolidated and company financial statements (continued)

14 Leases (continued)

Right of use assets (continued)

Company	Buildings	Total
	£m	£m
Cost		
At 1 January 2019	-	-
Impact of the adoption of IFRS 16	29.8	29.8
Additions	0.8	0.8
At 31 December 2019	30.6	30.6
Additions	-	-
Disposals	(4.6)	(4.6)
At 31 December 2020	26.0	26.0
Accumulated depreciation		
At 1 January 2019	-	-
Depreciation charge for the year	(3.6)	(3.6)
At 31 December 2019	(3.6)	(3.6)
Depreciation charge for the year	(2.9)	(2.9)
At 31 December 2020	(6.5)	(6.5)
Carrying amount		
At 31 December 2020	19.5	19.5
At 31 December 2019	27.0	27.0

Amounts recognised in profit and loss

Group	2020	2019
	£m	£m
Depreciation expense on right-of-use assets	9.2	8.3
Interest expense on lease liabilities	1.2	1.3
Expense relating to short-term leases	1.6	1.3

Company	2020	2019
	£m	£m
Depreciation expense on right-of-use assets	2.9	3.6
Interest expense on lease liabilities	0.8	0.9
Expense relating to short-term leases	0.1	0.3

Total cash outflow for leases in 2020 was £10.9m (2019: £9.5m) for Group and £4.4m (2019: £4.7m) for the Company.

Notes to the consolidated and company financial statements (continued)

14 Leases (continued)

Lease liabilities

Group	2020	2019
	£m	£m
Current	7.3	8.9
Non-current	28.7	32.4
Total	36.0	41.3

Company	2020	2019
	£m	£m
Current	3.6	3.6
Non-current	20.4	23.2
Total	24.0	26.8

The carrying amount of the lease liabilities and movements during the period are as follows:

Group	Buildings	Equipment	Total
	£m	£m	£m
At 1 January 2019	-	-	-
Impact of the adoption of IFRS 16	42.6	1.6	44.2
Additions	5.3	-	5.3
Accretion of interest	1.3	-	1.3
Payments	(8.9)	(0.6)	(9.5)
At 31 December 2019	40.3	1.0	41.3
Additions	5.5	0.1	5.6
Disposals	(1.2)	-	(1.2)
Accretion of interest	1.2	-	1.2
Payments	(10.3)	(0.6)	(10.9)
At 31 December 2020	35.5	0.5	36.0

Company	Buildings	Total
	£m	£m
At 1 January 2019	-	-
Impact of the adoption of IFRS 16	29.8	29.8
Additions	0.8	0.8
Accretion of interest	0.9	0.9
Payments	(4.7)	(4.7)
At 31 December 2019	26.8	26.8
Additions	0.8	0.8
Accretion of interest	0.8	0.8
Payments	(4.4)	(4.4)
At 31 December 2020	24.0	24.0

Notes to the consolidated and company financial statements (continued)

14 Leases (continued)

Maturity analysis

Group	2020	2019
	£m	£m
Year 1	8.2	10.0
Year 2	6.5	7.9
Year 3	5.9	5.7
Year 4	5.5	5.1
Year 5	4.6	4.9
Onwards	8.6	11.9
Total cash flow	39.3	45.5
Less interest	(3.3)	(4.2)
Total	36.0	41.3

Company	2020	2019
	£m	£m
Year 1	4.2	4.4
Year 2	3.9	4.2
Year 3	3.8	3.9
Year 4	3.8	3.8
Year 5	3.4	3.9
Onwards	7.3	9.8
Total cash flow	28.4	30.0
Less interest	(2.4)	(3.2)
Total	24.0	26.8

15 Trade and other receivables

Group	Current		Non-current	
	2020	2019	2020	2019
	£m	£m	£m	£m
Trade receivables	53.9	46.3	-	-
Lifetime ECL	(2.3)	(1.5)	-	-
Net trade receivables	51.6	44.8	-	-
Prepayments	25.7	8.5	-	-
Corporation tax receivable	-	1.4	-	-
Other receivables	15.2	10.7	14.4	12.5
Total receivables	92.5	65.4	14.4	12.5

Notes to the consolidated and company financial statements (continued)

15 Trade and other receivables (continued)

Company	Current		Non-current	
	2020	2019	2020	2019
	£m	£m	£m	£m
Trade receivables	21.0	17.9	-	-
Lifetime ECL	(0.9)	(0.4)	-	-
Net trade receivables	20.1	17.5	-	-
Prepayments	23.4	7.2	-	-
Corporation tax receivable	3.1	1.6	-	-
Amounts due from subsidiaries	48.8	54.8	-	-
Other receivables	3.6	2.9	5.1	4.8
Total receivables	99.0	84.0	5.1	4.8

The net carrying value of receivables is considered a reasonable approximation of fair value. Long-term other receivables relate to rental deposits for leased property all due within five years and bank guarantees disclosed in note 29. Amounts due from subsidiaries are repayable on demand and carry a market rate of interest. No customer accounts for more than 4% of the total trade receivables balance. In accordance with IFRS 9 the simplified approach to measuring expected credit losses (ECL), which permits the use of lifetime ECL on trade and other receivables, has been applied.

Loss allowance for trade receivables due from corporate customers has been measured at an amount equal to lifetime ECL. All impairment losses in the accounts arise from contracts with customers. This is recorded within 'administrative expenses' in the income statement. The ECL is estimated by reference to past default experience of these debtors. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

For trade receivables due from our payment service providers and related parties, and other receivables, the ECL is nil.

The following table details the risk profile of trade receivables for the Group:

2020	Not past due	<30 days	31-60 days	61-90 days	>90 days	Total
	£m	£m	£m	£m	£m	£m
Expected credit loss rate	0%	9%	18%	31%	39%	
Estimated gross carrying amount at default	46.7	1.9	0.8	0.4	4.1	53.9
Lifetime ECL	(0.2)	(0.2)	(0.1)	(0.1)	(1.7)	(2.3)
Total						51.8

2019	Not past due	<30 days	31-60 days	61-90 days	>90 days	Total
	£m	£m	£m	£m	£m	£m
Expected credit loss rate	0%	4%	8%	15%	31%	
Estimated gross carrying amount at default	40.2	0.5	1.1	0.8	3.7	46.3
Lifetime ECL	(0.1)	-	(0.1)	(0.1)	(1.2)	(1.5)
Total						44.8

Notes to the consolidated and company financial statements (continued)

15 Trade and other receivables (continued)

The expected credit losses on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

Concentration of credit risk with respect to trade receivables is very limited due to the broad customer base across regions.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

16 Deferred tax

Group	2020	2019
	£m	£m
Deferred tax assets		
Deferred tax assets relating to tax losses	9.3	9.5
Deferred tax assets relating to other temporary differences	1.4	-
Deferred tax assets relating to share-based payments	8.1	1.5
Deferred tax assets relating to fixed asset temporary differences	0.7	1.4
Net deferred tax assets	19.5	12.4

Company	2020	2019
	£m	£m
Deferred tax assets / (liabilities)		
Deferred tax assets relating to tax losses	-	-
Deferred tax liabilities relating to intangible assets	-	-
Net deferred tax assets / (liabilities)	-	-

Group	1 Jan 2020	Recognised in income	Recognised in equity	Total
	£m	£m	£m	£m
Fixed asset temporary differences	1.4	(0.7)	-	0.7
Tax value of loss carry-forwards utilised	9.5	(0.2)	-	9.3
Share based payments	1.5	2.4	4.2	8.1
Other	-	1.4	-	1.4
Net deferred tax asset	12.4	2.9	4.2	19.5

All deferred tax liabilities are expected to be settled more than 12 months after the reporting period.

Notes to the consolidated and company financial statements (continued)

16 Deferred tax (continued)

The Group has unrecognised tax losses of £884.7m (2019: £804.7m) available for offset against future taxable profits. There are also unrecognised temporary differences of £314.6m across other items including fixed assets and share based payments. The significant portion of the unrecognised temporary differences arise in the UK where there is no expiry for utilisation.

17 Cash and cash equivalents

Group	2020	2019
	£m	£m
Cash at bank and cash equivalents	379.1	229.8
Total cash	379.1	229.8

Company	2020	2019
	£m	£m
Cash at bank and cash equivalents	312.3	179.2
Total cash	312.3	179.2

All funds held are available on demand.

18 Inventory

Group	2020	2019
	£m	£m
Rider clothing and equipment	5.1	6.8
Restaurant equipment	2.6	2.6
Food and packaging	0.5	0.2
Total inventories	8.2	9.6

Company	2020	2019
	£m	£m
Rider clothing and equipment	3.4	2.9
Restaurant equipment	1.5	1.5
Food and packaging	0.3	0.1
Total inventories	5.2	4.5

At a Group level, the cost of inventories recognised as an expense in the year is £19.8m (2019: £24.6m). Of this, £9.7m (2019: £16.2m) is included within 'cost of sales' with £7.3m (2019: £13.2m) relating to restaurant equipment. £8.6m (2019: £6.2m) relating to rider clothing and equipment is within 'other operating expenses' in the consolidated income statement. The write-down of inventory to net realisable value recognised as an expense in the year is £1.5m (2019: £2.2m). This is recorded within 'administrative expenses' in the consolidated income statement.

Notes to the consolidated and company financial statements (continued)

18 Inventory (continued)

At a Company level, the cost of inventories recognised as an expense in the year is £8.2m (2019: £10.6m). Of this, £4.1m (2019: £5.1m) is included within 'cost of sales' and £3.6m (2019: £4.5m), related to rider clothing and equipment, is within 'other operating expenses' in the income statement. £0.6m (2019: £1.0m) is recorded within 'administrative expenses'.

19 Trade and other payables

Group	2020	2019
	£m	£m
Trade payables	22.9	10.9
Amounts due to restaurants	51.4	59.7
Accruals and deferred income	136.1	97.3
Corporation tax payable	2.2	-
Other tax and social security payables	61.4	19.5
Other payables	11.3	5.9
Total payables	285.3	193.3

Company	2020	2019
	£m	£m
Trade payables	14.0	5.0
Amounts due to restaurants	31.5	28.2
Amounts due to subsidiaries	176.1	108.8
Accruals and deferred income	89.1	53.8
Other tax and social security payables	45.9	16.2
Other payables	3.3	1.8
Total payables	359.9	213.8

The trade and other payables are considered to be short-term, non interest-bearing and have no security attached. The carrying value of trade and other payables is considered to be a reasonable approximation of fair value.

Intercompany trading balances are repayable on demand and are non interest-bearing. Intercompany loan balances are repayable on demand and carry a market rate of interest.

20 Other liabilities

Group	2020	2019
	£m	£m
Lease liabilities (note 14)	7.3	8.9
Other short-term finance	-	198.2
Total other liabilities	7.3	207.1

Notes to the consolidated and company financial statements (continued)

20 Other liabilities (continued)

Company	2020	2019
	£m	£m
Lease liabilities (note 14)	3.6	3.6
Other short-term finance	-	198.2
Total other liabilities	3.6	201.8

Other liabilities are all short term and due within one year.

With the receipt of the Series G funds in August 2020, following the conclusion of the CMA investigation, the short-term finance raised in the prior year was extinguished.

21 Provisions

Group	2020	2019
	£m	£m
Legal provision	112.2	32.0
Earn-out provision	0.1	0.4
Total provisions	112.3	32.4

Company	2020	2019
	£m	£m
Legal provision	69.8	0.5
Earn-out provision	0.1	0.4
Total provisions	69.9	0.9

The movement in the provisions during the year is reconciled below:

Group	Legal provisions	Earn-out provision
	£m	£m
At 1 January 2020	32.0	0.4
Foreign exchange revaluation	1.8	-
Additional amounts provided for	78.5	-
Amounts utilised	(0.1)	(0.1)
Amounts released	-	(0.2)
Total provisions	112.2	0.1

Company	Legal provisions	Earn-out provision
	£m	£m
At 1 January 2020	0.5	0.4
Additional amounts provided for	69.3	-
Amounts utilised	-	(0.1)
Amounts released	-	(0.2)
Total provisions	69.8	0.1

Notes to the consolidated and company financial statements (continued)

21 Provisions (continued)

The Group is involved in a number of ongoing legal and arbitration proceedings with third parties, primarily across its European territories. The amounts provided in the legal provision represent our best estimate of associated economic outflows based on the status of proceedings at the time of approval of these financial statements, and are based on current claims from regulators, even where we dispute the amounts claimed. In some instances, court proceedings and investigations are expected to extend over several years, and as such, depending on the outcomes, the total economic outflow could be different to that currently provided. The directors will review and revise the amounts of such provisions as necessary as and when new information becomes available. See note 29 for contingent liabilities for similar inspection types in other jurisdictions and differing stages.

Further to the amounts provided above, the challenges of the new, on-demand economy, means that, like other companies in this industry, some subsidiary companies may eventually be subject to further inspections or litigation of the same nature in the future. The Group would assess any such future challenge on a case-by-case basis. We continue to defend ourselves robustly against challenge of this nature, but we recognise that there are jurisdictions which may seek to regulate the on-demand economy and as a result the risk may be heightened, and we have recognised provisions accordingly. The directors are confident in the operating model and practices – and will take all reasonable steps to defend its position if so challenged. In addition, the Company and its subsidiaries are engaged with relevant stakeholders to seek to bring greater certainty – together with flexibility – for individuals who work within the on-demand economy.

The Earn-out provision relates to the earn-out arrangement arising on the acquisition of Cultivate Software Ltd. This is payable in two tranches a year, and two years post acquisition.

22 Share capital

Shares issued and fully paid:	2020	2019	2020	2019
	Shares	Shares	£	£
Ordinary	1,336,755	1,271,730	134	127
Series A Preferred	328,947	328,947	33	33
Series B Preferred	440,579	440,579	44	44
Series C Preferred	491,566	491,566	49	49
Series D Preferred	469,150	469,150	47	47
Series E Preferred	1,243,722	1,243,722	124	124
Series F Preferred	1,395,544	1,395,544	140	140
Series G Preferred	1,435,742	239,289	143	24
Total shares issued	7,142,005	5,880,527	714	588

The Company issued 1,261,478 (2019: 270,876) shares during 2020, which corresponds to 18% of total shares issued. The Company received £178.0m (2019: £77.6m) in cash proceeds from the issue of shares to third party investors from a fundraising exercise and converted £198.2m of short term finance to equity at the price of the series G fundraise.

At year end, there were no shares (2019: 1,196,453) under a contract for sale to investors as part of a post year end fundraise.

Notes to the consolidated and company financial statements (continued)

22 Share capital (continued)

All ordinary and preferred shares have a nominal value of £0.0001. At the year-end, the Company and Group has authorised share capital of 7,142,005 (2019: 5,880,527). Of these, 1,336,755 (2019: 1,271,730) are ordinary shares and 5,805,250 (2019: 4,608,797) are preferred shares. Holders of preferred shares hold the same rights as holders of ordinary shares, but they are entitled to distributions of available profits ahead of ordinary shareholders. All preferred shares from funding rounds A to G rank pari passu in all respects. Holders of ordinary shares are entitled to distributions of available profits pro rata to their respective shareholdings, after distributions have been made to holders of preferred shares.

Total number of authorised shares is 7,142,005 (2019: 5,880,527).

23 Employee benefits

23.1 Employee benefits expense

Group	2020	2019
	£m	£m
Wages and salaries	112.8	103.3
Social security costs	39.6	24.6
Contributions to defined contribution plans	3.8	3.7
Share-based payment charge	48.3	21.9
Total employee benefits	204.5	153.5

Included in the social security expense is additional provision of £26.4m (2019: £9.1m) for the payment of employer national insurance contributions on employee share options.

Company	2020	2019
	£m	£m
Wages and salaries	68.3	55.4
Social security costs	26.8	17.1
Contributions to defined contribution plans	2.3	1.6
Share-based payment charge	43.4	19.4
Total employee benefits	140.8	93.5

Included in the social security expense is additional provision of £20.3m (2019: £9.1m) for the payment of employer national insurance contributions on employee share options.

23.2 Average monthly employee numbers

Group	2020	2019
	No.	No.
Sales, marketing and operations	1,695	1,977
Technology	335	334
Administration	292	224
Directors and global management	27	26
Total employee numbers	2,349	2,581

Notes to the consolidated and company financial statements (continued)

23 Employee benefits (continued)

23.2 Average monthly employee numbers (continued)

Company	2020	2019
	No.	No.
Sales, marketing and operations	544	628
Technology	334	333
Administration	224	172
Directors and global management	27	25
Total employee numbers	1,129	1,158

No distinction is made between full-time and part-time employees in the above analyses.

23.3 Share-based payments

The Group maintains the following, equity-settled share-based payment schemes for employees:

- EMI Scheme
- Unapproved option scheme
- French free share plan
- Restricted Stock Units ("RSUs")

Each of these plans is considered substantially similar, and as such, disclosures below are aggregated. Options under these schemes will vest if certain conditions are met, including an IPO or other exit event, and, for most awards, participants must be employed until the end of the agreed vesting period, albeit 10.8% of the total outstanding awards vest immediately upon IPO (2019: 14% of the total outstanding awards vest immediately upon IPO). Upon vesting, each option allows the holder to purchase one ordinary share at a price determined at grant date, other than the French free share plan and the RSUs, in which the shares are granted for nil cost.

The following table sets out the movement in share awards during the year:

	Number of share options	Weighted average exercise price (£)
Outstanding at 31 December 2018	802,880	8.44
Granted	182,430	12.99
Forfeited	(113,056)	13.75
Exercised	(99,705)	4.90
Outstanding at 31 December 2019	772,329	8.23
Granted	174,237	11.44
Forfeited	(76,974)	13.88
Exercised	(55,870)	14.41
Outstanding at 31 December 2020	813,722	8.89
Exercisable at 31 December 2020	416,421	7.86
Exercisable at 31 December 2019	325,905	8.38
Exercisable at 31 December 2018	346,565	8.20

Notes to the consolidated and company financial statements (continued)

23 Employee benefits (continued)

23.3 Share-based payments (continued)

The fair value of unapproved options granted was determined using a Black-Scholes model, taking into account the terms and conditions under which the options were granted. The following table lists the principal assumptions used in the valuation:

	2020	2019
Vesting period	1 month - 4 years	1 month - 4 years
Volatility	41%	40%
Option life	3 years	10 years
Risk free investment rate	-0.11%	0.15%
Weighted average share price	£327.98	£297.88
Weighted average exercise price at date of grant	£16.28	£16.26

The underlying expected volatility was determined by reference to historical data of a peer group of similar companies shares. Exercise prices of share options outstanding at the end of the year have a range of £0.00001 to £16.28 (2019: £0.00001 - £16.28) and a weighted average remaining contractual life of 6.8 years (2019: 7.4 years).

In total the charge shown in the table in note 23.1 relating to the equity-settled share-based payment plan has been included within 'administrative expenses' in both the consolidated and company income statements, and credited to the share option reserve.

24 Reconciliation of cash used in operations

Group	2020	2019
	£m	£m
Cash flows from operating activities		
Operating loss	(221.1)	(319.9)
Depreciation and amortisation	35.1	29.3
Loss on disposal of fixed assets	0.5	0.5
Loss on disposal of intangibles	-	0.1
Share-based payments charge	48.3	21.9
Decrease/(increase) in inventories	1.4	(2.4)
Increase in trade and other receivables	(28.9)	(18.0)
Increase in trade and other payables	94.0	61.8
Increase in provisions	78.1	28.1
Cash generated from operations	7.4	(198.8)

Notes to the consolidated and company financial statements (continued)

24 Reconciliation of cash used in operations (continued)

Company	2020	2019
	£m	£m
Cash flows from operating activities		
Operating loss	(231.0)	(358.9)
Depreciation and amortisation	23.4	19.3
Loss on disposal of fixed assets	0.1	-
Loss on disposal of intangibles	-	0.1
Share-based payments charge	43.4	21.9
Increase in provisions	68.9	0.9
Investment impairment	-	43.4
(Increase)/decrease in inventories	(0.7)	0.9
(Increase)/decrease in trade and other receivables	(83.9)	14.1
Increase in trade and other payables	173.8	107.6
Increase in loans to subsidiaries	(4.2)	(63.3)
Cash used in operations	(10.2)	(214.0)

With the receipt of the Series G funds in August 2020, following the conclusion of the CMA investigation, the short-term finance raised in the prior year was extinguished.

25 Auditors remuneration

	2020	2019
	£m	£m
Remuneration for audit of the 2020 financial statements	1.1	-
Remuneration for audit of the 2019 financial statements	0.3	0.7
Remuneration for audit of the 2018 financial statements	-	0.2
Tax advisory services	0.1	0.1
Other assurance services	0.8	-
Total auditors' remuneration	2.3	1.0

The parent company incurred £0.5m (2019: £0.3m) in relation to UK statutory audit fees for the year.

26 Financial instruments

26.1 Categories of financial instruments

Group	2020	2019
	£m	£m
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments)	81.2	69.4
Cash and cash equivalents	379.1	229.8
Total	460.3	299.2

Notes to the consolidated and company financial statements (continued)

26 Financial instruments (continued)

26.1 Categories of financial instruments (continued)

Group	2020	2019
	£m	£m
Financial liabilities at amortised cost		
Trade and other payables	(285.3)	(193.3)
Other short-term finance	-	(198.2)
Total	(285.3)	(391.5)

Company	2020	2019
	£m	£m
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments)	77.6	80.0
Cash and cash equivalents	312.3	179.2
Total	389.9	259.2

Company	2020	2019
	£m	£m
Financial liabilities at amortised cost		
Trade and other payables	(359.9)	(213.8)
Other short-term liability	-	(198.2)
Total	(359.9)	(412.0)

26.2 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments, the most significant of which are market risk, credit risk and liquidity risk. The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes or write options. The most significant financial risks to which the Group is exposed are described below.

26.3 Market risk

The Group is exposed to market risk through its use of financial instruments, and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency sensitivity

Most of the Group's transactions are carried out in Sterling. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US Dollars, Euros, Australian Dollars, Hong Kong Dollars, Singapore Dollars and United Arab Emirates Dirham as well as funds held in US dollars. To mitigate the Group's exposure to foreign currency risk, non-Sterling cash flows are monitored in accordance with the Group's risk management policies.

Notes to the consolidated and company financial statements (continued)

26 Financial instruments (continued)

26.3 Market risk (continued)

Foreign currency sensitivity (continued)

The carrying amounts of the Group's cash balances held in foreign currency at the reporting date were as follows:

Group	2020	2019
	£m	£m
USD	89.3	133.8
EUR	63.9	29.7
AUD	4.9	6.6
HKD	0.6	4.9
SGD	6.7	6.2
TWD	-	0.7
KWD	0.7	1.1
ILS	-	-
AED	18.5	5.8

Company	2020	2019
	£m	£m
USD	87.4	132.7
EUR	30.0	2.3
HKD	0.5	3.8
SGD	2.8	-
AUD	-	-
TWD	-	-
AED	10.0	-

Notes to the consolidated and company financial statements (continued)

26 Financial instruments (continued)

26.3 Market risk (continued)

Foreign currency sensitivity (continued)

The following table illustrates the sensitivity of exchange rate movements in regard to the Group's financial assets and liabilities, all other things being equal. It assumes a +/- 10% change of the exchange rates for the year ended at 31 December 2020.

Group	Cash increase / (decrease)			
	10% strengthening		10% weakening	
	2020	2019	2020	2019
	£m	£m	£m	£m
USD	(8.2)	(12.2)	9.8	14.9
EUR	(5.7)	(2.7)	7.2	3.3
AUD	(0.4)	(0.6)	0.5	0.7
HKD	0.2	(0.4)	0.3	0.5
SGD	(0.7)	(0.6)	0.7	0.7
TWD	-	(0.1)	-	0.1
KWD	-	(0.1)	0.2	0.1
ILS	-	-	-	-
AED	(1.8)	(0.5)	2.0	0.6

Company	Cash increase / (decrease)			
	10% strengthening		10% weakening	
	2020	2019	2020	2019
	£m	£m	£m	£m
USD	(7.9)	(12.1)	9.7	14.7
EUR	(2.7)	(0.2)	3.3	0.3
HKD	-	(0.3)	0.1	0.4
SGD	(0.3)	-	0.3	-
AUD	-	-	-	-
TWD	-	-	-	-
AED	(0.9)	-	1.1	-

The Group's sensitivity to fluctuations in foreign currencies is the result of holdings in foreign currency due to fundraising in USD and the growth of overseas entities. The sensitivity performed is a reasonable approximation of possible future changes. Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Notes to the consolidated and company financial statements (continued)

26 Financial instruments (continued)

26.3 Market risk (continued)

Interest rate sensitivity

No material interest rate fluctuations are expected on any short-term financing.

26.4 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Group	2020	2019
	£m	£m
Cash and cash equivalents	379.1	229.8
Trade and other receivables	81.2	69.4
Total financial assets	460.3	299.2

The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group considers that £2.3m (2019: £1.5m) of trade and other receivables included within the above financial assets are impaired, with the remainder not impaired. Impairment is calculated based on an age analysis of receivables as well as awareness of individual receivable balances.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk in relation to any single counterparty or any group of counterparties having similar characteristics. The Group holds no financial assets that are past due as at the end of the reporting date but not impaired.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality (Rated A or better) external credit ratings.

Company	2020	2019
	£m	£m
Cash and cash equivalents	312.3	179.2
Trade and other receivables	77.6	80.0
Total financial assets	389.9	259.2

Notes to the consolidated and company financial statements (continued)

26 Financial instruments (continued)

26.4 Credit risk (continued)

The Company considers that £0.9m (2019: £0.4m) of trade and other receivables included within the above financial assets are impaired, with the remainder not impaired. Impairment is calculated based on an age analysis of receivables as well as awareness of individual receivable balances.

26.5 Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by forecasting cash inflows and outflows due in day-to-day business.

The Group's objective is to maintain cash to meet its liquidity requirements. This objective was met for the reporting periods by keeping all cash as readily available. Funding for long-term liquidity needs is additionally secured by the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables are considered sufficient for the current cash outflow requirements.

The Group's financial liabilities measured at amortised cost are all made up of trade and other payables. They have contractual maturities as follows:

Group	2020	2019
	£m	£m
Within one year	285.3	391.5
Total	285.3	391.5

Company	2020	2019
	£m	£m
Within one year	359.9	412.0
Total	359.9	412.0

The above amounts reflect the contractual undiscounted cash flows, which are in line with the carrying values of the liabilities at the reporting date.

Notes to the consolidated and company financial statements (continued)

27 Investment in subsidiaries

Investments in subsidiaries of the Company consist of the following, all of which are included in the Group consolidated results for the year:

	Registered address	Country Of incorporation	Proportion of ordinary shares held	Carrying value of investment	
				2020 £m	2019 £m
Roofoods (USA) Inc.	2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808	USA	100%	4.9	4.9
Deliveroo France SAS	1 bis avenue de la République, 75011 Paris	France	100%	46.0	46.0
Deliveroo Germany GmbH	Schlesische Strasse 26, Berlin 10997	Germany	100%	-	-
Deliveroo Ireland Ltd	15 Flemmings Place, Ballsbridge, Dublin 4	Ireland	100%	5.0	5.0
Deliveroo Netherlands BV	Raamplein 1, 1016 XK Amsterdam	The Netherlands	100%	9.6	9.6
Deliveroo Belgium SPRL	Rue Belliard 51-53 1040 Etterbeek	Belgium	99.99%	9.8	9.8
Roofoods Spain SL	Calle Antonio González Echarte, 1, 28029 Madrid	Spain	100%	11.8	11.8
Deliveroo Australia Pty Ltd	Level 2, 161 Collins St, Melbourne VIC 3000	Australia	100%	61.7	-
Deliveroo Singapore Pte Ltd	135 Cecil Street, #10-01, MYP Plaza, Singapore 69536	Singapore	100%	16.2	16.2
Deliveroo Hong Kong Ltd	Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay	Hong Kong	100%	9.0	9.0
Deliveroo Italy SRL	VIA CARLO BO 11 MILANO MI	Italy	100%	7.8	7.8
Deliveroo DMCC	Unit No 123, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai	UAE	100%	-	-
Deliveroo SP Ltd	The River Building - Level 1 Cannon Bridge House, 1 Cousin Lane, London, EC4R 3TE	UK	100%	2.6	2.6
Deliveroo International Ltd	The River Building - Level 1 Cannon Bridge House, 1 Cousin Lane, London, EC4R 3TE	UK	100%	-	-
Roofoods Food Delivery LLC	API Trio Tower, 32F - Al Barsha 1, Dubai	UAE	49%	-	-
Cultivate Software Ltd	Codebase Argyle House, 3 Lady Lawson Street, Edinburgh, EH3 9DR	UK	100%	1.5	1.5
Deliveroo Editions DMCC	Unit C05, Swiss Tower, Plot No. JLT-PH2-Y3A, Jumeirah Lakes Towers, Dubai	UAE	100%	-	-

Notes to the consolidated and company financial statements (continued)

27 Investment in subsidiaries (continued)

	Registered address	Country Of incorporation	Proportion of ordinary shares held	Carrying value of investment	
				2020 £m	2019 £m
Roofoods Editions Restaurant LLC	Shop 07, Majestic Tower, Business Bay, Dubai	UAE	49%	-	-
New Skies SPV Limited	P.O. Box 35665, 34, Al Maqam Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi	UAE	-	-	-
Roofoods Consumer Products Delivery Gulf SPC	Kuwait City, Qiblah Block 9, Ahmed Al-Jaber Street, Zumeridah Tower, Mezzanine 2, Office Number 4	Kuwait	-	-	-
Roofoods Delivery LLC	-	UAE	49%	-	-
Deliveroo SPC Limited	1306, Level 13, Al Fattan Currency House, Tower 2, Dubai International Financial Centre, Dubai, 506615, United Arab Emirates	UAE	-	-	-
Editions SPC Ltd	Unit 06, 07, Level 13, Currency House, Tower 2, Dubai International Financial Centre, Dubai, 506615	UAE	-	-	-
Total investments				185.9	124.2

The principal activity of all subsidiaries within the Group is the provision of an on-demand delivery service of restaurant food.

All entities listed above are direct subsidiaries of the Company except Roofoods Food Delivery LLC, Roofoods Delivery LLC, Roofoods Editions Restaurant LLC, Deliveroo SPC Limited, Editions SPC Ltd and New Skies SPV Limited which are held indirectly.

During the year, total capital contributions of £61.7m (2019: £9.2m) were made by the UK parent to its overseas subsidiaries, increasing the investments held.

Notes to the consolidated and company financial statements (continued)

28 Related party transactions

In the opinion of the directors there is no ultimate controlling party.

28.1 Transactions with key management personnel

Key management of the Group are the members of Roofoods Ltd's Board of Directors (of which only one director is remunerated by Roofoods Ltd, and this is shown in note 28.2 below) and senior management and are therefore equivalent for the Group and the Company. Key management remuneration includes the following employee benefits:

	2020	2019
	£m	£m
Wages and salaries	5.0	3.1
Post-retirement benefits	0.1	0.1
Termination payments	0.1	-
Share-based payment charge	23.3	12.0
Total remuneration	28.5	15.2

No directors exercised any share options during the year.

There has been no compensation for the loss of office during the year ended 31 December 2020 (2019: £nil).

At the year end date, loans to members of Key Management Personnel totalled £0.4m (2019: £nil). These loans were made on arm's length terms, and were repaid in full shortly after the year end, with no amounts written off.

28.2 Remuneration of the highest paid director

The highest paid director's remuneration is shown below.

	2020	2019
	£m	£m
Total wages and salaries	0.7	0.3
Post-retirement benefits	-	-
Share-based payment charge*	13.7	5.7
Total remuneration	14.4	6.0

*Being the IFRS 2 charge for the year in relation to share options previously granted. This does not comprise a cash payment.

No share options or RSUs were granted or exercised by the highest paid director in the current year (2019: no share options or RSU's were granted).

Notes to the consolidated and company financial statements (continued)

28 Related party transactions (continued)

28.3 Company transactions with related entities

The table below shows the Company's outstanding balances due to/from other entities within the Company and included within (payables)/receivables:

	2020		2019	
	Loan balances	Trading balances	Loan balances	Trading balances
	£m	£m	£m	£m
Roofoods (USA) Inc.	3.8	(6.8)	1.1	(4.9)
Deliveroo France SAS	(5.4)	(33.9)	5.1	(35.7)
Deliveroo Germany GmbH	(1.4)	(20.2)	(4.3)	(16.1)
Deliveroo Ireland Ltd	0.2	1.9	1.1	(3.5)
Deliveroo Netherlands BV	9.3	(9.3)	11.7	(3.8)
Deliveroo Belgium SPRL	1.8	(8.8)	2.4	(7.9)
Roofoods Spain SL	13.5	(55.1)	8.4	(41.7)
Deliveroo Australia Pty Ltd	3.1	(43.3)	51.7	(31.4)
Deliveroo Singapore Pte Ltd	28.8	(32.0)	25.5	(26.0)
Deliveroo Hong Kong Ltd	4.2	(14.1)	(2.1)	(2.7)
Deliveroo Italy SRL	5.8	(14.0)	10.4	(16.9)
Roofoods Food Delivery LLC	12.1	(6.2)	0.8	4.1
Deliveroo DMCC	(5.5)	20.2	13.9	(5.3)
Deliveroo SP Limited	(15.3)	32.5	(14.3)	20.1
Deliveroo International Ltd - Taiwan Branch	-	-	-	-
Roofoods Consumer Products Delivery Gulf SPC	1.1	(2.5)	5.9	1.1
Cultivate Ltd	(0.7)	(0.1)	(0.7)	(0.1)
Deliveroo Editions DMCC	0.2	-	-	0.1
New Skies SPV	8.9	-	-	-
Net amount due to subsidiary undertakings	64.5	(191.7)	116.6	(170.6)

Transactions between the Company and its subsidiaries include cash transfers and payments on behalf of the subsidiary. None of the amounts are secured. All are expected to be repaid in cash or capitalised as part of an investment strategy.

29 Contingent liabilities and guarantees

As regulators consider the new on-demand economy, from time-to-time companies operating in the gig economy will be subject to regulatory inspections and investigations. Certain companies in the Group are currently subject to such investigations about elements of our operating model. Whilst we defend ourselves robustly in such cases, we recognise the inherent uncertainty connected to regulatory inspections and investigations. Due to the stage of completion of such discussions, it is not possible to predict, with any reasonable certainty, the likely outcome. However, whilst we consider that the chance of economic outflow is not probable at this stage, it is possible that economic outflow could be needed to settle all or some of these claims at the eventual conclusion of such matters.

Notes to the consolidated and company financial statements (continued)

29 Contingent liabilities and guarantees (continued)

Depending on the outcomes, the total economic outflow in relation to the quantifiable contingent liabilities is estimated to be £10.3m (2019: £12.8m). There are further potentially material contingent liabilities which are not, at this time, quantifiable, due to the lack of available information to enable such estimation. The directors will review the amounts of such contingent liabilities as necessary throughout the duration of the relevant proceedings and revise amounts accordingly as and when new information is available.

The Group has issued guarantees totalling £14.5m. Of this, £2.1m relates to a corporate credit card facility and £11.5m relates to guarantees provided to tax authorities. The remainder primarily relates to office rental guarantees.

The Company has issued guarantees totalling £10.5m. Of this, £2.1m relates to a corporate credit card facility and £8.0m relates to guarantees provided to tax authorities.

30 Events after the reporting period

Post year end the Group has raised £135m as part of a Series H fundraising round.